招商銀行
CHINA MERCHANTS BANK

招商銀行股份有限公司

CHINA MERCHANTS BANK CO., LTD.

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

(H Share Stock Code: 03968)

2024 ANNUAL RESULTS ANNOUNCEMENT

The Board of Directors (the "**Board**") of China Merchants Bank Co., Ltd. (the "**Company**") hereby announces the audited results of the Company and its subsidiaries for the year ended 31 December 2024. This announcement, containing the full text of the 2024 Annual Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcement of annual results. The 2024 Annual Report of the Company will be published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkex.com.hk) and the Company (www.cmbchina.com) in due course and will be delivered to the H-share shareholders of the Company by the means of receipt of corporate communication(s) at the option of the H-share shareholders of the Company.

Publication of Results Announcement

Both the Chinese and English versions of this results announcement are available on the websites of the Company (www.cmbchina.com) and of Hong Kong Exchanges and Clearing Limited (www.hkex.com.hk). In the event of any discrepancies in interpretations between the English version and Chinese version, the Chinese version shall prevail.

The Company has also prepared the annual report in Chinese in accordance with the PRC Generally Accepted Accounting Principles, which is available on the websites of the Company (www.cmbchina.com) and of Shanghai Stock Exchange (www.sse.com.cn).

By Order of the Board
China Merchants Bank Co., Ltd.
Miao Jianmin
Chairman

25 March 2025

As at the date of this announcement, the executive directors of the Company are Wang Liang, Zhong Desheng and Zhu Jiangtao; the non-executive directors of the Company are Miao Jianmin, Shi Dai, Sun Yunfei, Zhu Eric Liwei and Huang Jian; and the independent non-executive directors of the Company are Li Menggang, Liu Qiao, Tian Hongqi, Li Chaoxian, Shi Yongdong and Li Jian.

Contents

Definitions

The Company, the Bank, CMB or China Merchants Bank:

China Merchants Bank Co., Ltd.

The Group:

China Merchants Bank and its subsidiaries

CSRC:

China Securities Regulatory Commission

Hong Kong Stock Exchange or SEHK:

The Stock Exchange of Hong Kong Limited

Hong Kong Listing Rules:

The Rules Governing the Listing of Securities on the SEHK

CMB Wing Lung Bank:

CMB Wing Lung Bank Limited

CMB Wing Lung Group:

CMB Wing Lung Bank and its subsidiaries

CMB Financial Leasing or CMBFL:

CMB Financial Leasing Co., Ltd.

CMB International Capital or CMBIC:

CMB International Capital Holdings Corporation Limited

CMB Wealth Management:

CMB Wealth Management Company Limited

China Merchants Fund or CMFM:

China Merchants Fund Management Co., Ltd.

CIGNA & CMAM:

CIGNA & CMB Asset Management Company Limited

CMB Europe S.A.:

China Merchants Bank (Europe) Co., Ltd.

CIGNA & CMB Life Insurance:

CIGNA & CMB Life Insurance Co., Ltd.

Merchants Union Consumer Finance or MUCFC:

Merchants Union Consumer Finance Company Limited

CMB YunChuang:

CMB YunChuang Information Technology Co., Ltd. with 100% equity interest held by the Company indirectly

CMB Network Technology:

China Merchants Bank Network Technology (Shenzhen) Co., Ltd. with 100% equity interest held by the Company indirectly

Ernst & Young Hua Ming LLP:

Ernst & Young Hua Ming LLP (Special General Partnership)

SFO:

Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

Model Code:

Model Code for Securities Transactions by Directors of Listed Issuers of Hong Kong Stock Exchange

Significant Risk Warning

The Company has disclosed herein the major risks involved in its operations and the proposed risk management measures. Please refer to Chapter III for the details in relation to risk management.

Important Notice

1. The Board of Directors, the Board of Supervisors, Directors, Supervisors and senior management of the Company confirm that the contents in this annual report are true, accurate, and complete and have no false representations, misleading statements or material omissions, and they will severally and jointly accept legal responsibility for such contents.
2. The 48th meeting of the Twelfth Session of the Board of Directors of the Company was convened at the Shekou Training Centre of the Company in Shenzhen on 25 March 2025. The meeting was presided by Miao Jianmin, Chairman of the Board of Directors. 14 out of 14 eligible Directors attended the meeting in person. 8 Supervisors of the Company were present at the meeting. The convening of the meeting complied with the relevant provisions of the Company Law of the People's Republic of China and the Articles of Association of China Merchants Bank Co., Ltd.
3. Ernst & Young Hua Ming LLP and Ernst & Young (both being auditors of the Company) have separately audited the 2024 annual financial statements prepared in accordance with the PRC Generally Accepted Accounting Principles and IFRS Accounting Standards, and have separately issued standard auditing reports with unqualified opinions.
4. Unless otherwise stated, all monetary sums stated in this report are expressed in RMB.
5. Miao Jianmin, Chairman of the Company, Wang Liang, President and Chief Executive Officer, Peng Jiawen, Executive Vice President, Chief Financial Officer and Secretary of the Board of Directors and Sun Zhihua, the person in charge of the Finance and Accounting Department, hereby make representations in respect of the truthfulness, accuracy and completeness of the financial statements in this report.
6. The Board of Directors of the Company recommended the payment of a cash dividend of RMB2.000 (tax inclusive) for every ordinary share for the year of 2024. The implementation of the profit appropriation plan is subject to consideration and approval at the 2024 Annual General Meeting. In 2024, the Company did not transfer any capital reserve into share capital.
7. We have included in this report certain forward-looking statements with respect to the financial position, operating results and business development of the Group. We use words such as "will", "may", "expect", "try", "strive", "plan", "anticipate", "aim at", and similar expressions to indicate forward-looking statements. These statements are based on current plans, estimates and projections. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we give no assurance that these expectations will turn into reality or prove to be correct. Therefore, they should not be deemed as the Group's commitments. Investors should not place undue reliance on such statements and should pay attention to investment risks. You are cautioned that such forward-looking statements are related to future events or future financial position, business, or other performances of the Group, and are subject to a number of uncertainties which may cause substantial differences from those in the actual results.

Chairman's Statement

The year 2024 marked a pivotal stage for achieving the goals of China's "14th Five-Year Plan" and a critical year for deepening comprehensive reforms. Amid a complex and challenging landscape characterised by mounting external pressures and domestic difficulties, China Merchants Bank (CMB) resolutely implemented the decisions and deployments of the Party Central Committee and the State Council. By strengthening our professional expertise, advancing the "five major articles" and dedicating ourselves to serving the real economy, we achieved steady progress with positive momentum. Our differentiated strengths became more pronounced, and our core competitiveness further solidified. These achievements could be summarised by three keywords: "**stability, advancement, positivity**".

"Stability" of overall condition was reinforced. We maintained dynamically balanced development across "quality, profitability, and scale". **In terms of profitability,** revenue declines narrowed quarter by quarter, with full-year profit recording positive growth. The return on average equity (ROAE) attributable to the ordinary shareholders of the Bank reached 14.49%. **In terms of scale,** total assets exceeded RMB12 trillion, while deposits surpassed RMB9 trillion, both growing by over 10% as compared with the end of the previous year. We secured, stabilised, and reinforced deposit and loan portfolios. **In terms of quality,** we strengthened comprehensive risk management, proactively addressed risks in key sectors, and safeguarded against systemic risks. Our non-performing loan ratio and allowance coverage ratio secured leading positions among listed banks.

"Advancement" was made with solid progress. We focused on delivering value and integrating our services into the nation's development strategy to a high standard. **By advancing the "five major articles" in step with the times, we significantly enhanced our capacity to support the real economy.** We prioritised major national strategies, key sectors, and underserved areas, and increased support for the real economy, with the balance of the financing products aggregate to corporate customers (FPA) exceeding RMB6 trillion. The balance of loans to technology, green industries, inclusive finance, manufacturing and other key sectors further increased as a share of total lending. We strongly supported and actively executed the government's incremental policy packages, reducing fees and offering concessions to spur consumption, expand investment, and support listed companies to better manage market value, thereby promoting stable capital market development. **We kept seeking improvement by vigorously pursuing cost optimisation and operational efficiency.** Through holistic cost management and disciplined control of high-cost liabilities, our cost of interest payment on deposits remained competitive among peers. Adhering to the principle of "retaining necessary expenses and reducing those with lower priority", we refined expenditure structures, improved cost efficiency, and steadily reduced the cost-to-income ratio.

"Positivity" in momentum became more evident. Our featured strength in retail finance and extensive wealth management was extended, with digital intelligence transformation deepened. **Our differentiated operational features became more distinct**. A customer-centric service matrix promoted increase in volume, expansion in coverage, and improvement in quality regarding clientele and business, with retail customers surpassing 200 million and the total assets under management (AUM) from retail customers approaching RMB15 trillion. The "AI + finance" special initiative were carried out with quickened pace, achieving breakthroughs in foundation building, middle-office development and scenario applications, culminating in the launch of the domestic banking industry's first open source financial AI model with tens of billions of parameters. **Business competitiveness was further highlighted**. Our capital-heavy business grew stronger, with net interest margin outperforming most listed peers; capital-light business expanded further, maintaining a leading proportion of net non-interest income. The Bank maintained robust endogenous capital growth, with our dividend payout ratio among the highest in industry and Core Tier 1 capital adequacy ratio showing improvement.

In 2025, rainbows follow upon storms; opportunities lie in challenges. External headwinds are intensifying, and China's economy faces transitional pains as old and new growth drivers shift. The recovery of effective demand remains a gradual process, while economic and financial cycles exhibit "discrepancies". Yet, the journey of Chinese modernisation is one with promising future and the long-term upward trajectory of China's socio-economic development remains unchanged. At CMB, our value-creation capabilities and strengths of being innovation-driven, model-leading, and distinctive in features remain unchanged. The fighting spirit of management and staff, daring to engage in tough battles and capable of securing victories, remains unchanged. We will adhere to the principle of professionalism and market-based operation and integrate our work into the broader purpose of furthering comprehensive reforms, acting as pragmatists to explore, forge a path and charge forward in financial development with Chinese characteristics, thereby contributing to the efforts of the construction of a financial powerhouse.

Miao Jianmin

Chairman

– Uphold fundamental principles and break new ground (守正創新), and always maintain our unique advantages. Upholding fundamental principles and breaking new ground (守正創新) requires us to advance through inheritance, and innovate while upholding fundamental principles for this is the origin, foundation, and prerequisite. Facing new trends of development, we will steadfastly retain the principles that have created the core competitiveness of CMB, including: long-term commitment to high-quality customer service, sustained investment in technology empowerment, effective support for innovation-driven growth, unwavering focus on value creation, long-term commitment to a culture of "professional and dedicated execution", as well as talent cultivation in a scientific way. Meanwhile, we will keep moving forward while maintaining stability and deepen transformation. Besides consolidating the characteristics of retail finance and the advantages of low-cost liabilities, we will strengthen and enhance the capital-heavy business, optimise and expand the capital-light business, continue to optimise the extensive wealth management service model, strengthen the financial market trading capacity, and deepen synergy and linkage, so as to increase the proportion of non-interest income. We will also continue to maintain and increase technological input, use technology to empower the innovation of products, services and models, create the "Malik Curve" and strive to build the best value creation bank that is innovation-driven, model-leading, and distinctive in features.

– Serve national interests and comprehensively build systematic capabilities for transformational breakthroughs. Implementing the "five major articles" is both an urgent need for our own high-quality development and an inherent requirement for serving the construction of a modern economic system. We will firmly undertake our mission, closely revolve around the "five major articles", continuously enhance our professional capabilities, especially to support technological innovation with finance, and contribute more to serving the building of a financial powerhouse. We will focus on long-term strategies, adopt measures according to circumstances to accelerate internationalisation steps, enhance our operational capabilities in Hong Kong and overseas, deepen the cross-border financial service system, and strengthen domestic and foreign linkage and synergy, thereby taking internationalisation to a new level and serving the high-level opening-up of the nation. We will fully leverage business strengths from service mechanisms of "One Entire Bank for One Customer" and "Integration of Investment Banking and Commercial Banking" and take advantage of our digital intelligence service capabilities, establish a segmentation and classification-based customer service system covering core enterprises and their industry chains, upstream and downstream small- and medium-sized enterprises, to serve the construction of a modern industrial system and to enhance asset deployment capabilities.

– Strengthen the implementation of "AI + finance" scenarios and ecosystem construction to create a new moat. At present, the world is in a critical period of transformation from digitalisation to intelligence. Artificial intelligence has become the core technology of the Fourth Industrial Revolution. We will seize the rapid development opportunities of AI, accelerate the transition from an "Online CMB" to a "Digital & Intelligent CMB", continue to increase technological investment in AI, gain insights into frontier technology development trends, build a strong foundation of digitisation and intelligence, and strengthen the implementation of "AI + finance" scenarios and ecosystem construction. We will expand our "circle of friends" and jointly promote ecosystem development and application of AI.

– Consolidate the "fortress-style" risk and compliance management system to guard against systemic risks. Facing the trend and cyclical changes in interest rates, population, and real estate, and the impact of external shocks, we will continue to effectively prevent and resolve key area risks, and optimise asset allocation. We will manage asset quality while implementing national real estate policies, adhere to scientific analysis, sorting out, and mitigating local implicit debt risks, focus on structural risks and retail credit risks resulting from obsolete business models and weakening old income drivers, and continuously strengthen anti-money laundering and compliance management.

Great accomplishments arise from aspiration; expansive undertakings grow through diligence. 2025 is a crucial year for concluding the "14th Five-Year Plan" and planning the "15th Five-Year Plan". At this crucial moment of accelerated changes in global political, economic, and technological landscape, we will firmly maintain our confidence in victory and keep our high spirits. At the same time, with a sense of urgency and a sense of responsibility to strive for progress, we will promote high-quality development to a new level, making new and greater contributions to the comprehensive promotion of building a great country and the great cause of national rejuvenation by pursuing Chinese modernisation.

China Merchants Bank Co., Ltd.

Chairman

25 March 2025

President's Statement

2024 presented significant challenges. Against a backdrop of complex and volatile international conditions, insufficient effective credit demand in China, narrowing interest spread due to interest rate decline, and increasing pressure to contain financial risks, the management team of the Bank, under the strong leadership of the Board of Directors (the "Board"), led all management staff and employees of the Bank in conscientiously implementing the national macro-economic policies and the requirements of the financial regulatory authorities, and accomplishing the goals set by the Board. The Company further promoted the strategy of building a value creation bank, with focus on the establishment of a new high-quality development model driven by "adopting strict management, upholding fundamental principles, and breaking new ground (嚴格管理、守正創新)", and adherence to the concept of dynamically balanced development of "Quality, Profitability and Scale", achieving steady progress and positive momentum that marked solid steps on the path of high-quality development.

Over the past year, the Bank's **business scale reached a new level**, with total assets exceeding RMB12 trillion, and total deposits from customers exceeding RMB9 trillion. **Asset quality remained sound** with a non-performing loan ratio of 0.95%, staying at the same level as compared with the end of the previous year. The allowance coverage ratio was 411.98%, and the allowance-to-loan ratio was 3.92%, demonstrating that risk compensation capacity kept strong. The Bank's **operating profitability remained stable**. Net operating income reached RMB337.121 billion. Net profit attributable to shareholders of the Bank amounted to RMB148.391 billion, representing a year-on-year increase of 1.22%. The Bank maintained endogenous capital growth. The Core Tier 1 capital adequacy ratio under the Advanced Measurement Approach increased by 1.13 percentage points or to 14.86% from the end of the previous year. Total capital adequacy ratio reached 19.05%. **With the constant optimisation of business structure**, the proportion of net non-interest income reached 37.33%, up by 0.64 percentage point as compared with the corresponding period of the previous year. The Bank ranked 10th on the list of "Top 1,000 World Banks" in terms of Tier 1 capital. The market value of the Bank returned to the trillion-yuan level.

Anchored by our strategy of building a value creation bank, we have been committed to creating diversified value. We upheld the philosophy of win-win in business, balanced the interests of all stakeholders, and continuously explored ways to better serve customers, empower employees, reward shareholders, collaborate with partners, and contribute to society while pursuing outstanding performance, aiming to build a brighter shared future together. **We continuously strove to become the best bank in customer service** by constantly upgrading products and service systems to support customers' fund security, financial health, and wealth preservation and growth. As a result, we have earned the recognition, preference, and trust of an increasing number of customers, with over 200 million retail customers and over 3 million corporate customers. **We continuously strove to become the best bank in employee development**, with a workforce of nearly 120,000, including over 9,000 new hires. For 14 consecutive years, we ranked among China's Top 10 Best Employers, while achieving the top spot for the first time last year. **We continuously strove to become the best bank in shareholders' return**, with ROAA and ROAE at 1.28% and 14.49% respectively, maintaining a high international standing, and an industry-leading cash dividend payout ratio. **We continuously strove to become the most trusted bank by partners**, hosting 159 institutions with industry representativeness on the "Zhao Cai Hao (招財號)", an open platform of wealth management business of the Company, and updated "Qian Ying Zhan Yi 2.0 Financial Empowerment Plan (千鷹展翼 2.0 金融賦能計劃)" in collaboration with stock exchanges and venture capital firms, fostering a thriving technology finance service ecosystem. **We continuously strove to become the most socially responsible bank** by actively serving the real economy and advancing the "five major articles". The growth rate of loans in technology finance, green finance, inclusive finance and other sectors was higher than the average growth rate of the loans granted by the Bank. We also actively developed retirement finance and digital finance. We supported national strategies for regional development, accelerating the growth of branches in key regions, and responded to policy directives by implementing measures to reduce fees and offer concessions, including lowering fees on distributed funds and insurance products, and reducing mortgage interest rates. We actively embraced ESG philosophy, supported rural revitalisation, and engaged in public welfare and charity. In 2024, the Company's MSCI ESG rating was the highest level "AAA".

The Company strengthened management and innovation as dual drivers to establish a new model for high-quality development. We adapted to the shift in the economic growth model and proactively responded to the banking industry's transition into an era of low interest rates and narrow interest spread, strengthening the shield of management and forging the spear of innovation. **The Company laid the groundwork for high-quality development through rigorous management.** The Company accelerated the establishment of a management system that is standardised, refined, empowering, systematic, and scientific. It optimised asset-liability management and fully implemented the new capital regulations. Cost control was reinforced through comprehensive expense management, adopting a prudent approach to expenditure while driving efficiency enhancements. Organisational reforms were deepened with the establishment of the Retail Customers Department, as well as the advancement of branch operation system reforms and the transformation of comprehensive sub-branches. Operational management was further strengthened with the launch of the "Operation+ (營+)" service series and the upgrade of the intelligent operation model. **The Company upheld fundamental principles and broke new ground (守正創新) to enhance the momentum for high-quality development.** Focusing on the needs of the nation and the needs of customers, the Company accelerated technological innovation in artificial intelligence, cloud computing, and big data. It upgraded its intelligent wealth assistant, "Xiao Zhao (小招)", and upgraded products such as Flash Loan, Zhao Qi Dai (招企貸), and Sci-tech Loan (科創貸), continuously optimising and innovating products, services, mechanisms, and processes.

The Company implemented differentiated development strategies to reinforce its distinctive and differentiated advantages. Amid intensifying homogeneous competition, we strategically positioned ourselves and reinforced our unique strengths to drive differentiated development. **The business framework of "retail banking as the core, with balanced and coordinated development of the four major sectors" became increasingly well-defined.** Marking the 20th anniversary of its retail banking strategy as a new starting point, the Company continuously strove towards the goal of becoming the "Best Retail Bank in China". It further upgraded and strengthened its systematic advantages in retail finance, with assets under management (AUM) reaching nearly RMB15 trillion. The contributions of retail banking to net operating income and profit before tax remained above 50%, underscoring its role as a "ballast stone". The corporate finance sector continued to refine its distinct advantages and enhance its service model, with the financing products aggregate to corporate customers (FPA) exceeding RMB6 trillion. The investment banking and financial markets sector further strengthened its competitive position, leading the market in areas such as M&A loans, bond underwriting, financial markets, and bill business. The wealth management and asset management sector accelerated its transformation, with the number of retail clients covered by the "CMB TREE Asset Allocation Service System" increasing by 13.84% and the average daily balance of corporate wealth management products growing by 30.35% year-on-year. The total scale of asset management business reached RMB4.48 trillion, while assets under custody amounted to RMB22.86 trillion. **The Company enhanced the quality and efficiency of comprehensive and international operations.** The cross-border financial service system was further refined, supporting the high-quality development of the Belt and Road Initiative and assisting Chinese enterprises in global operation. The volume of international balance of payments of corporate customers, as well as client flow trading of wholesale customers, grew by 19.26% and 19.40% year-on-year, respectively. The capabilities of subsidiaries were continuously strengthened, with their market influence steadily rising, further amplifying the CMB Group's flywheel effect.

The Company remained service-oriented, continuously enhancing service quality and efficiency. We remained committed to the people-first philosophy, adhering to the core value of "being customer-centric and creating value for customers" while fostering a service culture of "We are here just for you". Just as a sunflower turns toward the sun, we consistently adjusted to customer demands, while continuously improving the breadth, depth, warmth, and precision of services. We enhanced our value-creation capabilities by supporting residents and corporate clients in wealth growth, asset security, and financial access, fostering mutual growth and a shared future. Service models were innovated through a "people + digital intelligence" approach, deepening the customer segmentation and classification-based service system to elevate the customer experience. The "One Entire Bank for One Customer" service mechanism was further refined, strengthening high-quality partnerships to provide diversified, integrated, and global financial services. Financial consumer rights protection efforts were reinforced through dedicated service enhancement initiatives, continually improving customers' sense of gain, security, and satisfaction.

Wang Liang

President and Chief Executive Officer

The Company prioritised technological advancement, comprehensively developing a "Digital & Intelligent CMB". The banking industry is in the midst of a technological wave and industrial transformation led by the new generation of artificial intelligence represented by the large language model. Artificial intelligence would be the key differentiating factor in the industry. To this end, we accelerated the transition from an "Online CMB" to a "Digital & Intelligent CMB". We continued to develop a digital and intelligent foundation based on "cloud + AI + middle office", more quickly unleashed benefits from cloud migration, built intelligent computing infrastructure, and unlocked the value of data assets. Investments in AI and other frontier technologies were increased, expediting the development of new models that integrate "AI + finance" and "people + digital intelligence". The first financial AI model "Yi Zhao (一招)" with tens of billions of parameters was launched in domestic market, with over 120 large-model application scenarios implemented across the Bank, fostering mutual empowerment between people and technology. The deep integration of technology into operations and services remained a priority. Monthly active users (MAU) of the CMB APP and the CMB Life APP reached 123 million, while the average monthly active customers on wholesale online channels totalled 1.9494 million.

The Company upheld a talent-driven strategy, strengthening its talent development initiatives. As banking operations are integral to the national economy and people's livelihoods, a team of highly professional, dedicated, and high-quality talents was essential. We advocated a people-oriented approach, fostering mutual growth with employees, strengthened talent training efforts, established a "dual-channel" career growth mechanism for employees and accelerated the development of a talent team that is professional, diverse, market-driven, and international. We continuously improved the scientific and effective "selection, development, utilisation, retention, and management" system, strengthened the application of the "Six Can-do" mechanism (六能機制),[1] stimulated the vitality of the team, enhanced its cohesion and workforce capability and organically integrated the unique Chinese financial culture with CMB's corporate culture. We strove to maintain a clean, positive, and entrepreneurial environment, aiming to cultivate a high-quality, loyal, competent, and professional team of financial leaders.

The Company adhered to a risk-oriented and compliance-first approach, fortifying a fortress-style comprehensive risk and compliance management system. We strengthened the construction of our comprehensive risk and compliance management system, striving to ensure that risk and compliance management extended horizontally and vertically to achieve full coverage with no blind spots. Efforts were intensified to prevent and mitigate risks in key areas, particularly by aligning with the urban real estate financing coordination mechanism and the comprehensive debt resolution framework to enhance the management of real estate and local government-related businesses. We reinforced the foundation of our risk and compliance management by consolidating the "three lines of defence" in risk management, strengthening our risk and compliance teams, deepening sanctions compliance and anti-money laundering controls, and continuously enhancing digital and intelligent risk control capabilities. As a result, asset quality remained stable across the Bank, and the risk bottom line was firmly upheld.

Only through polishing can jade be perfected. Over the past 38 years, with the strong support of governments at all levels, regulatory authorities, customers, investors, partners, and all sectors of society, as well as the heartfelt dedication, passionate commitment and hard work of management staff and employees, we navigated challenges with determination, made steady progress, and forged ahead with resilience. The foundation of our capabilities grew stronger, value creation became more robust, and our confidence in achieving sustainable, high-quality development across economic cycles were further reinforced. On this occasion, I would like to express my heartfelt gratitude and highest respect to all those from various sectors who supported and cared for CMB's development, as well as to the nearly 120,000 dedicated CMBers and their families.

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1 Management staff can be promoted or demoted; qualified talents can be recruited and those unqualified can be dismissed; remuneration can be increased or decreased.

The year 2025 marks the conclusion of the "14th Five-Year" Plan. Although the banking industry continues to face challenges, including uncertainties in the external environment, the pressures of transitioning between old and new economic drivers, and the test of a prolonged low-interest-rate cycle, new opportunities emerge. Chinese modernisation advances steadily, with the long-term positive trajectory of the economy remaining unchanged. Economic globalisation undergoes structural upgrades, fuelling a surge in global operation of Chinese enterprises and growing demand for wealth management among residents. Meanwhile, artificial intelligence drives a new wave of technological revolution and industrial transformation, propelling human society into the "AI era". Amid these unprecedented shifts and transformations, we remain committed to our value creation bank strategy, while grasping the "changing" and "unchanging" elements of banking operations and management.

The Company upholds the "unchanging" fundamental principles to improve both soft and hard power. The essence of banking operations lay in simplicity – doing the right things and doing things right. We will lay a solid foundation based on values, operation philosophy, and corporate culture refined through our 38-year history, honing our soft power. At the same time, we will focus on enhancing our capabilities in strategic execution, customer service, management, innovation, talent development, and technology, thereby building our hard power. We will address the uncertainty of the external environment with the certainty of reinforcements of our strengths.

The Company acts in accordance with the "changing" environment to promote transformation through the "Four Initiatives". In response to an evolving external landscape, the key lies in identifying trends, adapting accordingly, and deepening transformation. We will accelerate "**the Internationalisation Initiative**" by leveraging our global institutional presence and cross-border financial services network to enhance both our global service capabilities and the level of internationalisation. We will deepen "**the Comprehensive Operation Initiative**", strengthening the service capabilities and competitive edge of the CMB Group, while fostering synergies and collaboration to deliver high-quality, efficient, and comprehensive financial services to our clients. We will create competitive strengths through "**the Differentiation Initiative**", excelling and expanding through differentiated growth, driving broader progress from key areas, and establishing unique strengths across more specialised sectors and regions. We will accelerate transformation through "**the Digitisation and Intelligence Initiative**", actively advancing the application of cutting-edge technologies such as AI, expanding our service and management reach, improving operational efficiency, reducing transaction costs, and enhancing our risk control capabilities.

Bank operation is a marathon with no finish line where success is not measured by short-term victories, but by long-term prosperity. Transformation and reforms have no shortcuts where progress comes out of solid efforts as the journey of a thousand miles begins with a small step. Over the past 38 years, CMB has strived to expand its reach while refining its expertise, continuously advancing in its mission to serve the nation through finance and support the real economy. Looking ahead, we will continue to reach for the stars in our pursuit of excellence, while keeping our feet on the ground and diligently working towards our goals. We will maintain our proactive attitude manifested by the service culture of "We are here just for you" and make adaptation in accordance with circumstances. We will strengthen our sense of urgency, embracing the mindset of "rowing against the current – if we don't move forward, we fall behind". With each step, we will steadily climb higher, building a value creation bank, contributing to the construction of a financial powerhouse, and advancing the path of China's distinctive financial development, all while writing the next chapter of our legacy.

China Merchants Bank Co., Ltd.

President and Chief Executive Officer

25 March 2025

Company Information

1.1 Company Profile

1.1.1 **Registered Company Name in Chinese:** 招商銀行股份有限公司(Abbreviated Name in Chinese: 招商銀行)

Registered Company Name in English: China Merchants Bank Co., Ltd.

1.1.2 **Legal Representative:** Miao Jianmin
Authorised Representatives: Wang Liang, Peng Jiawen
Secretary of the Board of Directors: Peng Jiawen
Joint Company Secretaries: Peng Jiawen, Ho Wing Tsz Wendy
Securities Representative: Xia Yangfang

1.1.3 **Registered and Office Address:** 7088 Shennan Boulevard, Futian District, Shenzhen, Guangdong Province, China

1.1.4 **Contact Details:**
Address: 7088 Shennan Boulevard, Futian District, Shenzhen, Guangdong Province, China
Postcode: 518040
Tel: +86 755 8319 8888
Fax: +86 755 8319 5555
E-mail: cmb@cmbchina.com
Website: www.cmbchina.com
Customer complaint hotline: 95555-7
Credit card complaint hotline: +86 400 820 5555-7

1.1.5 **Principal Place of Business in Hong Kong:** 31/F, Three Exchange Square, 8 Connaught Place, Central, Hong Kong, the PRC

1.1.6 **Share Listing:**

A Shares: Shanghai Stock Exchange
Abbreviated Name of A Shares: CMB
Stock Code: 600036
H Shares: SEHK
Abbreviated Name of H Shares: CM BANK
Stock Code: 03968
Domestic Preference Shares: Shanghai Stock Exchange
Abbreviated Name of Shares: Zhao Yin You 1 (招銀優1)
Stock Code: 360028

1.1.7 **Domestic Auditor:** Ernst & Young Hua Ming LLP

Office Address: Room 01-12, 17/F, Ernst & Young Tower, Oriental Plaza, No.1 East Chang'an Avenue, Dongcheng District, Beijing, the PRC

Certified Public Accountants for Signature: Feng Suoteng、Fan Xun

International Auditor: Ernst & Young

Office Address: 27/F, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong, the PRC

1.1.8 **Legal Advisor as to PRC Law:** JunHe LLP

Legal Advisor as to Hong Kong Law: Herbert Smith Freehills

1.1.9 **Registrar for A Shares:**

China Securities Depository & Clearing Corporation Ltd., Shanghai Branch

Address: 188 South-Yanggao Road, Pudong New Area, Shanghai, the PRC

Tel: +86 4008 058 058

Share Register and Transfer Office as to H Shares:

Computershare Hong Kong Investor Services Ltd.

Address: Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, the PRC

Tel: +852 2862 8555

Registrar for Domestic Preference Shares: China Securities Depository & Clearing Corporation Ltd., Shanghai Branch

1.1.10 **Newspapers and Websites Designated for Information Disclosure:**

The Chinese mainland:	"China Securities Journal" (www.cs.com.cn), "Securities Times" (www.stcn.com), "Shanghai Securities News" (www.cnstock.com)
	website of Shanghai Stock Exchange (www.sse.com.cn)
	website of the Company (www.cmbchina.com)
Hong Kong:	website of Hong Kong Exchanges and Clearing Limited (www.hkex.com.hk)
	website of the Company (www.cmbchina.com)

Place for maintenance of periodic reports: Office of the Board of Directors of the Company and principal place of business of the Company

1.2 Corporate Business Overview

Founded in 1987, the Company is headquartered in Shenzhen, China. The branches of the Company are mainly located in major cities in the Chinese mainland, as well as international financial centres such as China's Hong Kong, New York, London, Singapore, Luxembourg and Sydney. The Company was listed on the Shanghai Stock Exchange in April 2002 and the SEHK in September 2006.

The Company provides customers with various wholesale and retail banking products and services, and maintains financial markets businesses for proprietary purpose and client flow trading. Many innovative products and services of the Company have been well accepted by the market. Retail banking services include the account, payment and settlement services based on the "All-in-one" multifunction debit card and credit card, segmentation and classification-based wealth management services including the "Sunflower Wealth Management" services and private banking services, retail credit services, CMB APP, CMB Life APP, "All-in-one Net" comprehensive online banking service platform, and other online services. Wholesale banking services include payment and settlement, wealth management, investment and financing and digital services, cash management, technology finance, green finance, inclusive finance, retirement finance, digital finance, supply chain finance and cross-border finance services, asset management, asset custody and investment banking services etc. The Company continues to tap further into the living and business circles of customers to provide customers with customised, intelligent and comprehensive solutions for their supply chains and investment chains.

The Company has come up with the strategic vision of "building the best value creation bank that is innovation-driven, model-leading, and distinctive in features" based on the internal and external situation and its own development. The Company actively supports Chinese modernisation, consistently enhances its quality and efficiency in serving the real economy and social well-being, and strives to create more value for customers, employees, shareholders, partners and society, with the aim of making greater contributions to the modernisation process with Chinese characteristics.

1.3 Development Strategies

Strategic vision: We are committed to building the best value creation bank that is innovation-driven, model-leading, and distinctive in features.

Strategic objectives: Building a value creation bank.

The Company upholds the philosophy of win-win in business and business for common good to grow into a value creation bank in pursuit of maximising the comprehensive value of customers, employees, shareholders, partners and the society, aiming to become a world-class commercial bank.

Core value: Being customer-centric and creating value for customers.

Strategic focus: Adhering to the concept of dynamically balanced development of "Quality, Profitability and Scale" and resolutely securing the strategic dominant position of retail finance, the Company focuses on the building of three core capacities of "wealth management, Fintech and risk management" to promote the evolution of organisational culture consistently. Based on the needs of the nation, the needs of customers, and the capabilities of China Merchants Bank, we strive to create a new high-quality development model driven by "adopting strict management, upholding fundamental principles and breaking new ground (守正創新)", practically implement the ESG concept, serve the real economy and meet the needs of people's livelihood to create a new stage for high-quality growth.

Enlarging wealth management business and accelerating the transformation of the business model. By adopting a customer-centric approach to business operations and focusing on the value creation chain of "volume growth – revenue growth – profit growth – value growth", the Company aims to push forward coordinated development of its four major business segments: retail finance, corporate finance, investment banking and financial markets, wealth management and asset management, and strives to deliver sustained growth in both total assets under management (AUM) from retail customers and the financing products aggregate to corporate customers (FPA).

Optimising Fintech and accelerating comprehensive digital and intelligent construction. Focusing on the goal of online, data-based, intelligent, platform-based and ecological operation, the Company comprehensively promotes the digital reshaping of financial infrastructure and capability system, customers and channels, businesses and products, management and decision-making. In particular, the Company actively explores the new mode of "AI + Finance" to develop it into a core competitiveness of China Merchants Bank, and builds a value creation bank through the "Digital & Intelligent CMB".

Strengthening risk management and building a fortress-style overall risk and compliance management system. Adhering to the prudent risk management principle, using Fintech as the tool, and taking a prudent risk appetite as a safeguard measure, the Company creates a "Six All" risk management system covering all risks, all branches and subsidiaries, all customers, all assets, all processes, and all factors to support the operation of the value creation bank.

Pursuing the core values and building the cultural and organisational foundation for a value creation bank. Firstly, the Company upholds and enhances China Merchants Bank's corporate culture focusing on entrepreneurship, service quality, innovation, risk management, compliance, management excellence, people-orientation and honesty, with an aim to create a vibrant and evolving cultural system. Secondly, the Company establishes an organising team for supporting our service strategies and creating value together, providing organisational support and talent foundations for a value creation bank. Thirdly, the Company actively implements sustainable development principles in serving the real economy, actively fulfilling environmental and social responsibilities, and enhancing the standard of our corporate governance.

1.4 Honours and Awards

In 2024, the Company received a number of honours and awards from organisations both at home and abroad, including:

- The Company ranked 10th globally in "The Top 500 Banking Brands 2024" released by Brand Finance, a brand value evaluation and consulting organisation, in March 2024, with a brand value of USD26.644 billion.
- In May 2024, The Asian Banker magazine released the results of the business achievement awards. The Company was honoured as the "Best Wealth Management Bank in Asia Pacific", "Best Joint Stock Retail Bank in China" and "Most Recommended Retail Bank in China (BQS Consumer Survey)".
- In June 2024, the US magazine Institutional Investor released the results of the "2024 All-Asia Executive Team". The Company won several awards, including "Asia's Most Honoured Company", "Best Board of Directors", "Best ESG", "Best IR Program" and "Best IR Team", becoming a company with the highest overall ranking and the most awards in the financial industry in the Asian region.
- In July 2024, The Banker (UK) released the list of "Top 1,000 World Banks 2024". The Company ranked 10th globally in terms of Tier 1 capital scale, moving up one place from the previous year and ranking among the top ten for the first time.
- In July 2024, the Company received the award of "Best Digital Bank in China" at the "2024 Awards for Excellence" ceremony staged by Euromoney (UK).
- The list of 2024 Fortune Global 500 was officially released in August 2024, on which the Company ranked 179th and making the list for 13 consecutive years.
- In October 2024, China Banking Association announced the results of the "GYROSCOPE" evaluation on the stable development capability of commercial banks in 2024. The Company ranked second among nationwide commercial banks with a comprehensive score of 91.02.
- In December 2024, the Company won "Top 10 Best Employers of the Year", "Most Socially Responsible Employer" and "Most Admired Employer by Women" at the awards ceremony for the "Best Employer in China 2024" jointly organised by Zhaopin.com, Institute of Social Science Survey, Peking University and other organisations, has been shortlisted in the top 10 list of Best Employers in China of the Year for 14 consecutive years and won the first place for the first time.

Summary of Accounting Data and Financial Indicators

2.1 Key Accounting Data and Financial Indicators of the Group

(in millions of RMB, unless otherwise specified)	2024	2023	Changes +/-%
Operating Results			
Net operating income(1)	337,121	339,078	-0.58
Profit before tax	178,652	176,618	1.15
Net profit attributable to shareholders of the Bank	148,391	146,602	1.22
Per Share (RMB yuan)			
Basic earnings attributable to ordinary shareholders of the Bank(2)	5.66	5.63	0.53
Diluted earnings attributable to ordinary shareholders of the Bank	5.66	5.63	0.53

(in millions of RMB, unless otherwise specified)	31 December 2024	31 December 2023	Changes +/-%
Volume Indicators			
Total assets	12,152,036	11,028,483	10.19
of which: total loans and advances to customers(3)	6,888,315	6,508,865	5.83
Total liabilities	10,918,561	9,942,754	9.81
of which: total deposits from customers(3)	9,096,587	8,155,438	11.54
Total equity attributable to shareholders of the Bank	1,226,014	1,076,370	13.90
Net assets per share attributable to ordinary shareholders of the Bank (RMB yuan)(2)	41.46	36.71	12.94

Notes:

(1) Net operating income is the sum of net interest income, net fee and commission income, other net income as well as share of profits of joint ventures and associates.

(2) When calculating the indicators such as basic earnings per share attributable to ordinary shareholders, return on average equity and net assets per share, dividends on the preference shares and interests on perpetual bonds shall be deducted from "net profit attributable to shareholders of the Bank", while the preference shares and perpetual bonds shall be deducted from both the "average equity" and the "net assets".

(3) Unless otherwise stated, the balance of the relevant financial instrument items herein and set out below exclude accrued interest.

2.2 Financial Ratios of the Group

(%)	2024	2023	Changes
Profitability indicators			
Return on average assets attributable to shareholders of the Bank	1.28	1.39	Decreased by 0.11 percentage point
Return on average equity attributable to ordinary shareholders of the Bank	14.49	16.22	Decreased by 1.73 percentage points
Net interest spread(1)	1.86	2.03	Decreased by 0.17 percentage point
Net interest margin(2)	1.98	2.15	Decreased by 0.17 percentage point
As percentage of net operating income			
– Net interest income	62.67	63.31	Decreased by 0.64 percentage point
– Net non-interest income	37.33	36.69	Increased by 0.64 percentage point
Cost-to-income ratio(3)	31.92	32.97	Decreased by 1.05 percentage points

(%)	31 December 2024	31 December 2023	Changes over 2023 year-end
Capital adequacy indicators under the Advanced Measurement Approach(4)			
Core Tier 1 capital adequacy ratio	14.86	13.73	Increased by 1.13 percentage points
Tier 1 capital adequacy ratio	17.48	16.01	Increased by 1.47 percentage points
Capital adequacy ratio	19.05	17.88	Increased by 1.17 percentage points
Equity to total assets	10.15	9.84	Increased by 0.31 percentage point
Asset quality indicators			
Non-performing loan ratio	0.95	0.95	–
Allowance coverage ratio(5)	411.98	437.70	Decreased by 25.72 percentage points
Allowance-to-loan ratio(6)	3.92	4.14	Decreased by 0.22 percentage point

	2024	2023	Changes
Credit cost ratio(7)	0.65	0.74	Decreased by 0.09 percentage point

Notes:

(1) Net interest spread = average yield of the total interest-earning assets – average cost ratio of total interest-bearing liabilities.

(2) Net interest margin = net interest income/average balance of total interest-earning assets.

(3) Cost-to-income ratio = operating expenses/net operating income. The numerator does not include taxes and surcharges and the depreciation charges on fixed assets under operating lease and investment properties and others.

(4) As at the end of the reporting period, the Group's Core Tier 1 capital adequacy ratio, Tier 1 capital adequacy ratio and capital adequacy ratio under the Weighted Approach were 12.43%, 14.63% and 15.73% respectively.

(5) Allowance coverage ratio = allowances for impairment losses/balance of non-performing loans.

(6) Allowance-to-loan ratio = allowances for impairment losses/total loans and advances to customers.

(7) Credit cost ratio = expected credit losses of loans and advances to customers/the average of total loans and advances to customers, the average of total loans and advances to customers = (total loans and advances to customers at the beginning of the period + total loans and advances to customers at the end of the period)/2.

2.3 Five-year Financial Summary of the Group

(in millions of RMB)	2024	2023	2022	2021	2020
Results for the year					
Net operating income	**337,121**	339,078	344,740	331,407	290,279
Operating expenses	**117,650**	120,991	122,061	116,879	102,814
Impairment losses	**40,819**	41,469	57,566	66,355	65,025
Profit before tax	**178,652**	176,618	165,113	148,173	122,440
Net profit attributable to shareholders of the Bank	**148,391**	146,602	138,012	119,922	97,342
(RMB yuan)					
Per Share					
Dividend (tax inclusive)	**2.000**	1.972	1.738	1.522	1.253
Basic earnings attributable to ordinary shareholders of the Bank	**5.66**	5.63	5.26	4.61	3.79
Diluted earnings attributable to ordinary shareholders of the Bank	**5.66**	5.63	5.26	4.61	3.79
Year-end net assets attributable to ordinary shareholders of the Bank	**41.46**	36.71	32.71	29.01	25.36
(in millions of RMB)					
Year end					
Share capital	**25,220**	25,220	25,220	25,220	25,220
Total shareholders' equity	**1,233,475**	1,085,729	954,238	865,681	730,354
Total liabilities	**10,918,561**	9,942,754	9,184,674	8,383,340	7,631,094
Deposits from customers	**9,096,587**	8,155,438	7,535,742	6,347,078	5,628,336
Total assets	**12,152,036**	11,028,483	10,138,912	9,249,021	8,361,448
Total loans and advances to customers	**6,888,315**	6,508,865	6,051,459	5,570,034	5,029,128
(%)					
Key Financial Ratios					
Return on average assets attributable to shareholders of the Bank	**1.28**	1.39	1.42	1.36	1.23
Return on average equity attributable to ordinary shareholders of the Bank	**14.49**	16.22	17.06	16.96	15.73
Cost-to-income ratio	**31.92**	32.97	32.89	33.11	33.33
Non-performing loan ratio	**0.95**	0.95	0.96	0.91	1.07
Credit cost ratio	**0.65**	0.74	0.78	0.70	0.98
Core Tier 1 capital adequacy ratio under the Advanced Measurement Approach	**14.86**	13.73	13.68	12.66	12.29
Tier 1 capital adequacy ratio under the Advanced Measurement Approach	**17.48**	16.01	15.75	14.94	13.98
Capital adequacy ratio under the Advanced Measurement Approach	**19.05**	17.88	17.77	17.48	16.54

Customer value is the source of all value.

Adhering to the core value of "being customer-centric and creating value for customers" to build the "best bank in customer service".

Management Discussion and Analysis

3.1 Analysis of Overall Operation

In 2024, the Group adhered to the concept of dynamically balanced development of "Quality, Profitability and Scale", took the strategic target of building a value creation bank and carried out various businesses in a sound manner. Both the scale of assets and liabilities grew steadily. The operating profitability remained stable and positive, and the asset quality was stable.

During the reporting period, the Group realised the net operating income of RMB337.121 billion, representing a year-on-year decrease of 0.58%; realised the net profit attributable to shareholders of the Bank of RMB148.391 billion, representing a year-on-year increase of 1.22%; realised the net interest income of RMB211.277 billion, representing a year-on-year decrease of 1.58%; and realised the net non-interest income of RMB125.844 billion, representing a year-on-year increase of 1.15%. The return on average assets (ROAA) attributable to shareholders of the Bank and the return on average equity (ROAE) attributable to ordinary shareholders of the Bank were 1.28% and 14.49%, down by 0.11 percentage point and 1.73 percentage points year-on-year, respectively.

As at the end of the reporting period, the Group's total assets amounted to RMB12,152.036 billion, representing an increase of 10.19% as compared with the end of the previous year. The total loans and advances to customers amounted to RMB6,888.315 billion, representing an increase of 5.83% as compared with the end of the previous year. Total liabilities amounted to RMB10,918.561 billion, representing an increase of 9.81% as compared with the end of the previous year. Total deposits from customers amounted to RMB9,096.587 billion, representing an increase of 11.54% as compared with the end of the previous year.

As at the end of the reporting period, the Group had a balance of non-performing loans of RMB65.610 billion, representing an increase of RMB4.031 billion as compared with the end of the previous year. The non-performing loan ratio was 0.95%, which remained the same level with the end of the previous year. The allowance coverage ratio was 411.98%, representing a decrease of 25.72 percentage points as compared with the end of the previous year; the allowance-to-loan ratio was 3.92%, representing a decrease of 0.22 percentage point as compared with the end of the previous year.

3.2 Analysis of Income Statement

3.2.1 Financial highlights

During the reporting period, the Group realised a profit before tax of RMB178.652 billion, representing a year-on-year increase of 1.15%. The effective income tax rate was 16.28%, representing a year-on-year increase of 0.08 percentage point. The following table sets out the major income/loss items of the Group for the periods indicated.

(in millions of RMB)	2024	2023
Net interest income	**211,277**	214,669
Net fee and commission income	**72,094**	84,108
Other net income	**51,118**	37,825
Operating expenses	**(117,650)**	(120,991)
Expected credit losses	**(39,976)**	(41,278)
Impairment losses on other assets	**(843)**	(191)
Share of profits of joint ventures and associates	**2,632**	2,476
Profit before tax	**178,652**	176,618
Income tax	**(29,093)**	(28,612)
Net profit	**149,559**	148,006
Net profit attributable to shareholders of the Bank	**148,391**	146,602

3.2.2 Net operating income

During the reporting period, the Group realised the net operating income of RMB337.121 billion, representing a year-on-year decrease of 0.58%, of which net interest income accounted for 62.67% and net non-interest income accounted for 37.33% with a year-on-year increase of 0.64 percentage point.

3.2.3 Interest income

During the reporting period, the Group recorded an interest income of RMB374.271 billion, representing a year-on-year decrease of 0.36%, mainly due to the declined yields on interest-earning assets. Interest income from loans and advances to customers continued to be the largest component of the interest income of the Group.

Interest income from loans and advances to customers

During the reporting period, the interest income from loans and advances to customers of the Group was RMB260.573 billion, representing a year-on-year decrease of 2.86%.

The following table sets forth the average balance (daily average balance, same as below), interest income and average yield of each component of loans and advances to customers of the Group for the periods indicated.

	2024			2023		
(in millions of RMB, except for percentages)	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans	2,746,039	93,282	3.40	2,523,210	94,526	3.75
Retail loans	3,533,131	161,740	4.58	3,308,043	166,104	5.02
Discounted bills	387,017	5,551	1.43	468,652	7,610	1.62
Loans and advances to customers	6,666,187	260,573	3.91	6,299,905	268,240	4.26

During the reporting period, from the perspective of the maturity structure of loans and advances to customers of the Group, the average balance of short-term loans was RMB2,571.217 billion with the interest income amounting to RMB111.276 billion, and the average yield reached 4.33%; the average balance of medium- and long-term loans was RMB4,094.970 billion with the interest income amounting to RMB149.297 billion, and the average yield reached 3.65%. The average yield of short-term loans was higher than that of medium- and long-term loans, which was mainly attributable to the relatively higher yield of credit card loans and consumer loans (as short-term loans) and the higher proportion thereof.

Interest income from investments

During the reporting period, the interest income from investments of the Group was RMB84.924 billion, representing a year-on-year increase of 5.06%, which was mainly influenced by the investment volume. The average yield of investments was 3.08%, representing a year-on-year decrease of 14 basis points, which was mainly attributable to the impact of the falling market interest rates.

Interest income from balances and placements with banks and other financial institutions

During the reporting period, the interest income of the Group from balances and placements with banks and other financial institutions was RMB19.076 billion, representing a year-on-year increase of 15.21%, which was mainly due to the fact that the Group increased its efforts in developing quality interbank assets, resulting in the increased daily average scale of balances and placements with banks and other financial institutions, which drove the increase in interest income. The average yield of balances and placements with banks and other financial institutions was 2.80%, being flat year-on-year.

3.2.4 Interest expense

During the reporting period, the interest expense of the Group was RMB162.994 billion, representing a year-on-year increase of 1.28%, mainly due to the increase in the scale of the interest-bearing liabilities.

Interest expense on deposits from customers

During the reporting period, the Group's interest expense on deposits from customers was RMB130.824 billion, representing a year-on-year increase of 1.56%, mainly due to the sustained rapid growth of deposits from customers.

The following table sets forth the average balances, interest expense and average cost ratios of the deposits from corporate and retail customers of the Group for the periods indicated.

(in millions of RMB, except for percentages)	2024			2023		
	Average balance	Interest expense	Average cost ratio (%)	Average balance	Interest expense	Average cost ratio (%)
Deposits from corporate customers						
Demand	2,488,102	20,762	0.83	2,670,778	29,002	1.09
Time	2,305,745	56,547	2.45	1,989,200	53,186	2.67
Subtotal	4,793,847	77,309	1.61	4,659,978	82,188	1.76
Deposits from retail customers						
Demand	1,798,328	3,903	0.22	1,857,291	7,337	0.40
Time	1,923,491	49,612	2.58	1,415,757	39,284	2.77
Subtotal	3,721,819	53,515	1.44	3,273,048	46,621	1.42
Total	8,515,666	130,824	1.54	7,933,026	128,809	1.62

Interest expense on deposits and placements from banks and other financial institutions

During the reporting period, the interest expense on deposits and placements from banks and other financial institutions of the Group amounted to RMB19.629 billion, representing a year-on-year decrease of 1.19%, which was primarily attributable to the year-on-year decrease of cost ratio of deposits and placements from banks and other financial institutions.

Interest expense on debt securities issued

During the reporting period, the interest expense on debt securities issued of the Group amounted to RMB7.656 billion, representing a year-on-year decrease of 1.61%, mainly due to the year-on-year decrease of cost ratio of debt securities issued.

3.2.5 Net interest income

During the reporting period, the Group's net interest income amounted to RMB211.277 billion, representing a year-on-year decrease of 1.58%.

The following table sets out the average balances, interest income/interest expense and average yield/cost ratio of assets and liabilities items of the Group for the periods indicated.

(in millions of RMB, except for percentages)	2024 Average balance	2024 Interest income	2024 Average yield (%)	2023 Average balance	2023 Interest income	2023 Average yield (%)
Interest-earning assets						
Loans and advances to customers	6,666,187	260,573	3.91	6,299,905	268,240	4.26
Investments	2,757,151	84,924	3.08	2,509,774	80,836	3.22
Balances with the central bank	580,940	9,698	1.67	586,797	9,977	1.70
Balances and placements with banks and other financial institutions	681,863	19,076	2.80	591,320	16,557	2.80
Total	10,686,141	374,271	3.50	9,987,796	375,610	3.76

(in millions of RMB, except for percentages)	2024 Average balance	2024 Interest expense	2024 Average cost ratio (%)	2023 Average balance	2023 Interest expense	2023 Average cost ratio (%)
Interest-bearing liabilities						
Deposits from customers	8,515,666	130,824	1.54	7,933,026	128,809	1.62
Deposits and placements from banks and other financial institutions	946,264	19,629	2.07	950,595	19,866	2.09
Debt securities issued	252,448	7,656	3.03	240,163	7,781	3.24
Borrowings from the central bank	207,453	4,428	2.13	186,340	4,005	2.15
Lease liabilities	12,847	457	3.56	12,718	480	3.77
Total	9,934,678	162,994	1.64	9,322,842	160,941	1.73
Net interest income	/	211,277	/	/	214,669	/
Net interest spread	/	/	1.86	/	/	2.03
Net interest margin	/	/	1.98	/	/	2.15

During the reporting period, the average yield of the interest-earning assets of the Group was 3.50%, representing a year-on-year decrease of 26 basis points; the average cost ratio of the interest-bearing liabilities was 1.64%, representing a year-on-year decrease of 9 basis points; the net interest spread was 1.86%, representing a year-on-year decrease of 17 basis points and the net interest margin was 1.98%, representing a year-on-year decrease of 17 basis points. For the analysis of the reasons behind the decrease in the net interest margin, please refer to 3.9.1 "Net interest margin" in this Chapter.

The following table sets forth the breakdown of changes in interest income and interest expense due to changes in volumes and interest rates of the Group for the periods indicated. Changes in volumes were measured by changes in average balances, while changes in interest rates were measured by changes in the average interest rates; the changes in interest income and interest expense due to changes in both volumes and interest rates have been included in the amounts of changes in interest income and interest expense due to changes in volumes.

	2024 compared to 2023		
	Increase (decrease) due to		Net increase
(in millions of RMB)	Volume	Interest rate	(decrease)
Interest-earning assets			
Loans and advances to customers	14,383	(22,050)	(7,667)
Investments	7,602	(3,514)	4,088
Balances with the central bank	(103)	(176)	(279)
Balances and placements with banks and other financial institutions	2,519	–	2,519
Changes in interest income	24,401	(25,740)	(1,339)
Interest-bearing liabilities			
Deposits from customers	8,361	(6,346)	2,015
Deposits and placements from banks and other financial institutions	(47)	(190)	(237)
Debt securities issued	379	(504)	(125)
Borrowings from the central bank	460	(37)	423
Lease liabilities	4	(27)	(23)
Changes in interest expense	9,157	(7,104)	2,053
Changes in net interest income	15,244	(18,636)	(3,392)

The following table sets out the average balances, interest income/interest expense and annualised average yield/cost ratio of assets and liabilities items of the Group for the periods indicated.

	October to December 2024			July to September 2024		
(in millions of RMB, except for percentages)	Average balance	Interest income	Annualised average yield (%)	Average balance	Interest income	Annualised average yield (%)
Interest-earning assets						
Loans and advances to customers	6,769,583	63,027	3.70	6,654,963	65,332	3.91
Investments	2,941,784	22,096	2.99	2,766,074	21,243	3.06
Balances with the central bank	576,947	2,339	1.61	569,094	2,426	1.70
Balances and placements with banks and other financial institutions	799,274	5,255	2.62	682,531	4,556	2.66
Total	11,087,588	92,717	3.33	10,672,662	93,557	3.49

(in millions of RMB, except for percentages)	Average balance	Interest expense	Annualised average cost ratio (%)	Average balance	Interest expense	Annualised average cost ratio (%)
Interest-bearing liabilities						
Deposits from customers	8,814,320	31,034	1.40	8,568,863	33,262	1.54
Deposits and placements from banks and other financial institutions	1,040,513	4,888	1.87	847,238	4,337	2.04
Debt securities issued	234,695	1,801	3.05	259,133	1,975	3.03
Borrowings from the central bank	182,170	913	1.99	187,046	1,020	2.17
Lease liabilities	12,688	102	3.20	12,947	114	3.50
Total	10,284,386	38,738	1.50	9,875,227	40,708	1.64
Net interest income	/	53,979	/	/	52,849	/
Net interest spread	/	/	1.83	/	/	1.85
Net interest margin	/	/	1.94	/	/	1.97

In the fourth quarter of 2024, the net interest margin of the Group was 1.94%, representing a quarter-to-quarter decrease of 3 basis points, and its net interest spread was 1.83%, representing a quarter-to-quarter decrease of 2 basis points.

3.2.6 Net non-interest income

During the reporting period, the Group recorded a net non-interest income of RMB125.844 billion, representing a year-on-year increase of 1.15%. The components are as follows.

Net fee and commission income amounted to RMB72.094 billion, representing a year-on-year decrease of 14.28%. Among the fee and commission income, fee and commission income from wealth management amounted to RMB22.005 billion, representing a year-on-year decrease of 22.70%; fee and commission income from asset management amounted to RMB10.751 billion, representing a year-on-year decrease of 6.30%; income from bank card fees amounted to RMB16.761 billion, representing a year-on-year decrease of 14.16%; income from settlement and clearing fees amounted to RMB15.505 billion, representing a year-on-year increase of 0.08%; commission income from credit commitment and loan business amounted to RMB4.219 billion, representing a year-on-year decrease of 15.57%; commission income from custody businesses amounted to RMB4.891 billion, representing a year-on-year decrease of 8.20%; and income from others amounted to RMB6.908 billion, representing a year-on-year decrease of 8.53%. For analysis of the main reasons for changes in fee and commission income, please refer to 3.9.2 "Net non-interest income" in this chapter.

Other net non-interest income amounted to RMB53.750 billion, representing a year-on-year increase of 33.37%, of which net investment income amounted to RMB27.248 billion, representing a year-on-year increase of 38.31%, which was mainly due to the increase of bond investment income; net profit from changes in fair value amounted to RMB6.085 billion, representing a year-on-year increase of 229.63%, mainly due to the increase in fair value of bond investment and non-money-market fund investment; the net exchange gain amounted to RMB4.026 billion, representing a year-on-year decrease of 2.57%, mainly due to the decrease in gains arising from the foreign currencies transactions; and other net income amounted to RMB13.759 billion, representing a year-on-year increase of 13.27%, mainly due to a year-on-year increase of 12.56% in income generated from operating leasing business of CMB Financial Leasing, which amounted to RMB12.246 billion.

In terms of business segments, the net non-interest income from retail finance business amounted to RMB48.526 billion, representing a year-on-year decrease of 15.70% and accounting for 38.56% of the Group's net non-interest income; the net non-interest income from wholesale finance business amounted to RMB63.368 billion, representing a year-on-year increase of 25.24% and accounting for 50.35% of the Group's net non-interest income; the net non-interest income from other businesses[2] amounted to RMB13.950 billion, representing a year-on-year decrease of 14.15% and accounting for 11.09% of the Group's net non-interest income.

(in millions of RMB, except for percentages)	2024	2023	Changes +/-%
Fee and commission income(note)	**81,040**	92,834	-12.70
Fees and commissions from wealth management	**22,005**	28,466	-22.70
Fees and commissions from asset management	**10,751**	11,474	-6.30
Bank card fees	**16,761**	19,525	-14.16
Settlement and clearing fees	**15,505**	15,492	0.08
Commissions from credit commitment and loan business	**4,219**	4,997	-15.57
Commissions from custody businesses	**4,891**	5,328	-8.20
Others	**6,908**	7,552	-8.53
Fee and commission expense	**(8,946)**	(8,726)	2.52
Net fee and commission income	**72,094**	84,108	-14.28
Other net non-interest income	**53,750**	40,301	33.37
Other net income	**51,118**	37,825	35.14
Net investment income	**27,248**	19,700	38.31
Net profit from fair value change	**6,085**	1,846	229.63
Net exchange gain	**4,026**	4,132	-2.57
Other net income	**13,759**	12,147	13.27
Share of profits of joint ventures and associates	**2,632**	2,476	6.30
Total net non-interest income	**125,844**	124,409	1.15

Note: Fees and commissions from wealth management include income from agency distribution of funds, income from agency distribution of insurance policies, income from agency distribution of trust schemes, income from agency distribution of wealth management products, income from securities brokerage and income from agency distribution of precious metals. Fees and commissions from asset management mainly include the income from the issuance and management of various asset management products such as funds, wealth management and asset management plans of our subsidiaries, namely China Merchants Fund, CMB International Capital, CMB Wealth Management and CIGNA & CMAM. Commissions from custody businesses include income from basic asset custody services and value-added services. Others mainly include income from underwriting of bonds and equity, income from service fees from securitisation of credit assets, income from consultancy and advisory services and income from other intermediary businesses.

2 Including investment properties and related businesses of subsidiaries, associates and joint ventures except for CMB WLB and CMBFL.

3.2.7 Operating expenses

During the reporting period, the Group's operating expenses amounted to RMB117.650 billion, representing a year-on-year decrease of 2.76%, among which staff costs amounted to RMB68.088 billion, representing a year-on-year decrease of 3.21%. Other operating expenses amounted to RMB49.562 billion, representing a year-on-year decrease of 2.13%. The cost-to-income ratio of the Group was 31.92%, representing a decrease of 1.05 percentage points as compared with the corresponding period of the previous year. The Group adhered to lean management, continued to reduce costs and increase efficiency, and streamlined the operation process so as to improve operating efficiency. It also strengthened the input-output monitoring, improved the efficiency of resource allocation, optimised the cost structure and increased cost efficiency. Furthermore, the Group maintained its information technology input to promote the transformation of technological innovation into productive forces and advance the digital and intelligent transformation.

The following table sets forth, for the periods indicated, the principal components of the operating expenses of the Group.

(in millions of RMB)	2024	2023
Staff costs	68,088	70,348
Other operating expenses	49,562	50,643
Of which: depreciation, amortisation and rental expenses	16,424	16,359
Other general and administrative expenses	30,188	31,321
Taxes and surcharges	2,950	2,963
Total operating expenses	**117,650**	120,991

3.2.8 Expected credit losses

During the reporting period, the expected credit losses of the Group were RMB39.976 billion, representing a year-on-year decrease of 3.15%.

The following table sets forth, for the periods indicated, the principal components of expected credit losses of the Group.

(in millions of RMB)	2024	2023
Loans and advances to customers	43,608	46,635
Financial investments	(2,400)	(218)
Amounts due from banks and other financial institutions	1,371	(2,935)
Expected credit losses relating to financial guarantees and loan commitments	(2,703)	(2,761)
Others	100	557
Total expected credit losses	**39,976**	41,278

According to the standards for financial instruments, the Group prudently made allowances for credit risk losses by taking the expected credit loss model as the foundation and using the risk quantification parameters such as the probability of customer defaults and the loss given defaults, after taking into consideration the forward-looking adjustments in macro perceptiveness. During the reporting period, the expected credit losses of loans and advances to customers of the Group were RMB43.608 billion, representing a year-on-year decrease of RMB3.027 billion; the expected credit losses relating to financial investment amounted to RMB-2.400 billion, representing a year-on-year decrease of RMB2.182 billion, mainly because the Group continued to optimise its asset structure and customer structure, and the quality of its loans and investment assets remained relatively stable. The expected credit losses relating to amounts due from banks and other financial institutions amounted to RMB1.371 billion, representing a year-on-year increase of RMB4.306 billion, which was due to, on the one hand, the change in the scale of assets, on the other hand, a higher reversal of expected credit losses in the previous year as a result of the decrease in the risk of specific customers in the previous year.

3.3 Analysis of Balance Sheet

3.3.1 Assets

As at the end of the reporting period, the total assets of the Group amounted to RMB12,152.036 billion, representing an increase of 10.19% as compared with the end of the previous year, which was mainly attributable to the increase in loans and advances to customers and bond investments of the Group.

The following table sets forth, as at the dates indicated, the components of the total assets of the Group.

(in millions of RMB, except for percentages)	31 December 2024 Amount	31 December 2024 Percentage of the total amount (%)	31 December 2023 Amount	31 December 2023 Percentage of the total amount (%)
Total loans and advances to customers	6,888,315	56.68	6,508,865	59.02
Allowances for impairment losses on loans[(1)]	(265,365)	(2.18)	(266,805)	(2.42)
Net loans and advances to customers	6,622,950	54.50	6,242,060	56.60
Investment securities and other financial assets	3,705,919	30.50	3,209,473	29.10
Cash, precious metals and balances with the central bank	583,202	4.80	684,821	6.21
Inter-bank transactions	896,707	7.38	558,381	5.06
Goodwill	9,954	0.08	9,954	0.09
Other assets[(2)]	333,304	2.74	323,794	2.94
Total assets	**12,152,036**	**100.00**	11,028,483	100.00

Notes:

(1) The allowances for impairment losses on loans represent the allowance for impairment losses on loans and advances to customers measured at amortised cost.

(2) "Other assets" include fixed assets, right-of-use assets, intangible assets, investment properties, deferred tax assets, accrued interest and other assets.

3.3.1.1 Loans and advances to customers

As at the end of the reporting period, total loans and advances to customers of the Group amounted to RMB6,888.315 billion, representing an increase of 5.83% as compared with the end of the previous year; total loans and advances to customers accounted for 56.68% of the total assets, representing a decrease of 2.34 percentage points as compared with the end of the previous year. For details of the loans and advances to customers of the Group, please refer to 3.4 "Analysis of Loan Quality" in this chapter.

3.3.1.2 Investment securities and other financial assets

The Group's investment securities and other financial assets consist of listed and unlisted financial instruments denominated in RMB and foreign currencies.

The following table sets forth, as at the dates indicated, the components of investment securities and other financial assets of the Group by line items.

(in millions of RMB, except for percentages)	31 December 2024 Amount	31 December 2024 Percentage of the total amount (%)	31 December 2023 Amount	31 December 2023 Percentage of the total amount (%)
Derivative financial assets	32,533	0.88	18,733	0.58
Financial investments at fair value through profit or loss	617,018	16.65	526,145	16.40
– Bond investments	265,717	7.17	274,687	8.57
– Non-standardised asset investments	596	0.02	–	–
– Others(note)	350,705	9.46	251,458	7.83
Debt investments at amortised cost	1,920,461	51.82	1,728,620	53.86
– Bond investments	1,848,162	49.87	1,680,262	52.36
– Non-standardised asset investments	107,105	2.89	87,069	2.71
– Others	653	0.02	679	0.02
– Less: allowances for impairment losses	(35,459)	(0.96)	(39,390)	(1.23)
Debt investments at fair value through other comprehensive income	1,082,577	29.21	889,736	27.72
Equity investments designated at fair value through other comprehensive income	22,315	0.60	19,649	0.61
Investments in joint ventures and associates	31,015	0.84	26,590	0.83
Total investment securities and other financial assets	**3,705,919**	**100.00**	3,209,473	100.00

Note: Including equity investments, investments in funds, wealth management products, long position in precious metal contracts and others.

Derivative financial instruments

As at the end of the reporting period, the major categories and amount of derivative financial instruments held by the Group are indicated in the following table. For details, please refer to Note 60(f) to the financial statements.

(in millions of RMB)	31 December 2024			31 December 2023		
		Fair value			Fair value	
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Interest rate derivatives	2,099,152	11,269	(11,526)	1,819,231	5,433	(5,476)
Currency derivatives	1,987,795	21,002	(19,934)	1,431,262	11,815	(10,667)
Other derivatives	11,124	262	(123)	136,759	1,485	(1,300)
Total	4,098,071	32,533	(31,583)	3,387,252	18,733	(17,443)

The above table shows the notional amount and fair value of the Group's derivative financial instruments by their remaining maturity on each balance sheet date. The notional amount refers only to the transaction volumes that have not yet been due or completed on the balance sheet date, and does not represent the amount at risk.

During the reporting period, based on the RMB exchange rate and interest rate market conditions, as an integrated market maker in the interbank RMB foreign exchange market and a quote provider for derivatives in the local currency market, the Group was committed to providing liquidity to the market and maintaining the stability of the market. Meanwhile, by continuously leveraging its professional strengths in financial market derivative transactions, the Group kept up its effort in publicising the "exchange rate risk-neutral" concept, helping customers carry out hedging transactions to improve their risk resistance capabilities and reduce financial costs, and facilitating the high-quality development of the real economy.

Financial investments at fair value through profit or loss

As at the end of the reporting period, the balance of the financial investments at fair value through profit or loss of the Group amounted to RMB617.018 billion, with bond and fund investments etc. being the major categories. The investments were primarily made by the Group based on assessments of, among other factors, macro economy, monetary and fiscal policies, industrial policies and market supply and demand, so as to obtain investment income by capturing trading opportunities in the market. During the reporting period, funding was stable in general and bond yields trended downward amid fluctuations. The Group strengthened market timing and achieved favourable returns. For details, please refer to Note 23(a) to the financial statements.

Debt investments at amortised cost

As at the end of the reporting period, the balance of the Group's debt investments at amortised cost amounted to RMB1,920.461 billion. Among them, the bond investments mainly involved bonds issued by government and policy banks. This type of investment was held on a long-term basis for the strategic allocation of assets and liabilities of the Group, based on the requirements of interest rate risk management of banking book and liquidity management, while taking into account returns and risks. For details, please refer to Note 23(b) to the financial statements.

Debt investments at fair value through other comprehensive income

As at the end of the reporting period, the balance of debt investments at fair value through other comprehensive income of the Group amounted to RMB1,082.577 billion, with interest rate bonds such as government bonds and policy bank bonds and medium-to-high rating quality credit bonds being the major categories. This type of investment was primarily based on the Group's research and analysis on the bond market, with the purpose of obtaining investment return by capturing investment and allocation opportunities in the market and constantly optimising asset allocation structure. For details, please refer to Note 23(c) to the financial statements.

Equity investments designated at fair value through other comprehensive income

As at the end of the reporting period, the balance of equity investments designated at fair value through other comprehensive income of the Group amounted to RMB22.315 billion. Such investments were mainly non-trading equity investments held by the Group in the investees over whom the Group had no control, joint control or significant influence. For details, please refer to Note 23(d) to the financial statements.

The composition of the Group's total bond investments classified by the issuing entities

(in millions of RMB)	31 December 2024	31 December 2023
Official authorities	2,026,230	1,944,820
Policy banks	572,863	503,459
Commercial banks and other financial institutions	394,704	252,828
Others	202,659	143,578
Total bond investments	**3,196,456**	2,844,685

Note: "Official authorities" include the Ministry of Finance of the PRC, local governments and the central bank, etc.; "Others" mainly refer to enterprises.

Top ten financial bonds in terms of nominal value held by the Company as at the end of the reporting period

Name of bonds	Nominal value (in millions of RMB)	Coupon rate (%)	Due date	Allowances for impairment losses(note) (in millions of RMB)
Bonds issued by policy banks in 2022	20,150	2.50	2027/8/24	–
Bonds issued by policy banks in 2019	15,721	3.65	2029/5/21	–
Bonds issued by policy banks in 2019	14,720	3.74	2029/7/12	–
Bonds issued by policy banks in 2019	14,170	3.45	2029/9/20	–
Bonds issued by policy banks in 2022	12,690	2.90	2032/8/19	–
Bonds issued by policy banks in 2024	11,980	2.00	2027/4/12	–
Bonds issued by policy banks in 2022	10,730	2.82	2027/6/17	–
Bonds issued by policy banks in 2016	10,655	3.05	2026/8/25	–
Bonds issued by policy banks in 2023	9,910	2.87	2028/2/6	–
Bonds issued by policy banks in 2021	8,430	2.99	2026/8/11	–

Note: The first phase allowances for impairment losses accrued according to the expected credit loss model are not included.

Investments in joint ventures and associates

As at the end of the reporting period, the Group's investments in joint ventures and associates amounted to RMB31.015 billion, up by 16.64% as compared with the end of the previous year. As at the end of the reporting period, the balance of allowances for impairment losses on investments in joint ventures and associates of the Group was zero. For details, please refer to Note 25 and Note 26 to the financial statements.

3.3.1.3 Goodwill

In compliance with the IFRS Accounting Standards, at the end of the reporting period, the Group conducted an impairment test on the goodwill arising from the acquisition of CMB Wing Lung Bank, China Merchants Fund and other companies and determined that allowances for impairment losses were not necessary for the reporting period. As at the end of the reporting period, the Group had a balance of allowances for impairment losses on goodwill of RMB579 million and the carrying value of goodwill was RMB9.954 billion.

3.3.2 Liabilities

As at the end of the reporting period, the total liabilities of the Group amounted to RMB10,918.561 billion, representing an increase of 9.81% as compared with the end of the previous year, which was primarily attributable to the steady growth of customer deposits.

The following table sets forth, as at the dates indicated, the components of the total liabilities of the Group.

	31 December 2024		31 December 2023	
(in millions of RMB, except for percentages)	Amount	Percentage of the total amount (%)	Amount	Percentage of the total amount (%)
Deposits from customers	9,096,587	83.31	8,155,438	82.02
Inter-bank transactions	1,017,506	9.32	888,408	8.94
Borrowings from the central bank	189,511	1.74	377,189	3.79
Financial liabilities at fair value through profit or loss and derivative financial liabilities	99,044	0.91	61,401	0.62
Debt securities issued	221,583	2.03	174,764	1.76
Others(note)	294,330	2.69	285,554	2.87
Total liabilities	10,918,561	100.00	9,942,754	100.00

Note: "Others" including salaries and welfare payable, taxes payable, contract liabilities, lease liabilities, expected liabilities, deferred income tax liabilities, accrued interest and other liabilities.

Deposits from customers

As at the end of the reporting period, total deposits from customers of the Group amounted to RMB9,096.587 billion, representing an increase of 11.54% as compared with the end of the previous year, accounting for 83.31% of the total liabilities of the Group, which was the major funding source of the Group.

The following table sets forth, as at the dates indicated, the deposits from customers of the Group by product type and customer type.

	31 December 2024		31 December 2023	
(in millions of RMB, except for percentages)	Amount	Percentage of the total amount (%)	Amount	Percentage of the total amount (%)
Deposits from corporate customers				
Demand	2,772,365	30.47	2,644,685	32.43
Time	2,291,188	25.19	2,015,837	24.72
Subtotal	5,063,553	55.66	4,660,522	57.15
Deposits from retail customers				
Demand	1,980,251	21.77	1,829,612	22.43
Time	2,052,783	22.57	1,665,304	20.42
Subtotal	4,033,034	44.34	3,494,916	42.85
Total deposits from customers	9,096,587	100.00	8,155,438	100.00

During the reporting period, the percentage of daily average balance of the demand deposits to that of the total deposits from customers of the Group was 50.34%, representing a year-on-year decrease of 6.74 percentage points. Among these, the daily average balance of demand deposits from corporate customers accounted for 51.90% of that of the total deposits from corporate customers, representing a year-on-year decrease of 5.41 percentage points; the daily average balance of demand deposits from retail customers accounted for 48.32% of that of the total deposits from retail customers, representing a year-on-year decrease of 8.42 percentage points. Affected by the decline in the risk appetite of customers and insufficient liquidity activities of enterprises, customers' demand for investment in time deposit products increased, leading to a decrease in the proportion of demand deposits.

3.3.3 Shareholders' equity

As at the end of the reporting period, the Group's equity attributable to shareholders of the Bank was RMB1,226.014 billion, representing an increase of 13.90% as compared with the end of the previous year, among which retained profits amounted to RMB634.078 billion, representing an increase of 11.56% as compared with the end of the previous year; investment revaluation reserve amounted to RMB38.385 billion, representing an increase of 181.09% as compared with the end of the previous year, mainly due to an increase in the valuation of financial assets at fair value through other comprehensive income as compared with the end of the previous year; exchange difference on translation of financial statements of foreign operations amounted to RMB4.816 billion, representing an increase of RMB1.882 billion as compared with the end of the previous year, mainly due to the fluctuations in RMB exchange rate.

3.4 Analysis of Loan Quality

3.4.1 Distribution of loans by 5-tier loan classification

The following table sets forth the 5-tier loan classification of the Group as at the dates indicated.

(in millions of RMB, except for percentages)	31 December 2024 Amount	31 December 2024 Percentage of the total amount (%)	31 December 2023 Amount	31 December 2023 Percentage of the total amount (%)
Normal	6,733,625	97.76	6,375,958	97.95
Special mention	89,080	1.29	71,328	1.10
Substandard	16,872	0.25	16,576	0.26
Doubtful	23,054	0.33	21,554	0.33
Loss	25,684	0.37	23,449	0.36
Total loans and advances to customers	6,888,315	100.00	6,508,865	100.00
Non-performing loans	65,610	0.95	61,579	0.95

Note: Under the 5-tier loan classification system, non-performing loans of the Group are divided into substandard loans, doubtful loans and loss loans.

During the reporting period, the Group insisted on strict classification of asset risks to truely reflect the asset quality. As at the end of the reporting period, the balance of the Group's non-performing loans amounted to RMB65.610 billion, representing an increase of RMB4.031 billion as compared with the end of the previous year, with a non-performing loan ratio of 0.95%, which remained at the same level as compared with the end of the previous year.

3.4.2 Distribution of loans and non-performing loans by product type

The Group

(in millions of RMB, except for percentages)	31 December 2024 Loans and advances to customers	Percentage of the total loans (%)	Non-performing loans	Non-Performing loan ratio (%)[1]	31 December 2023 Loans and advances to customers	Percentage of the total loans (%)	Non-performing loans	Non-Performing loan ratio (%)[1]
Corporate loans	2,863,740	41.57	30,475	1.06	2,599,855	39.94	30,992	1.19
Working capital loans	1,178,412	17.11	9,900	0.84	1,021,305	15.69	8,068	0.79
Fixed asset loans	852,115	12.37	13,820	1.62	838,449	12.88	14,915	1.78
Trade finance	430,268	6.25	167	0.04	334,150	5.13	119	0.04
Others[2]	402,945	5.84	6,588	1.63	405,951	6.24	7,890	1.94
Discounted bills[3]	379,950	5.52	–	–	471,127	7.24	–	–
Retail loans	3,644,625	52.91	35,135	0.96	3,437,883	52.82	30,587	0.89
Micro-finance loans	825,443	11.98	6,538	0.79	751,297	11.54	4,592	0.61
Residential mortgage loans	1,417,450	20.58	6,840	0.48	1,385,486	21.29	5,122	0.37
Credit card loans	947,843	13.76	16,560	1.75	935,910	14.38	16,383	1.75
Consumer loans	396,161	5.75	4,116	1.04	301,538	4.63	3,285	1.09
Others[4]	57,728	0.84	1,081	1.87	63,652	0.98	1,205	1.89
Total loans and advances to customers	6,888,315	100.00	65,610	0.95	6,508,865	100.00	61,579	0.95

Notes:

(1) Represents the percentage of the non-performing loans in a certain category to the total loans of that category.

(2) Consists primarily of other corporate loans such as financial leasing, M&A loans and corporate mortgage loans.

(3) The Company will transfer discounted bills to corporate loans for accounting purposes once overdue.

(4) Consists primarily of commercial housing loans, automobile loans, house decoration loans, education loans and other personal loans secured by monetary assets.

With regard to corporate loans, the Group focused on the national macroeconomic policies, implemented the value creation bank strategy on a comprehensive scale, and proactively optimised the asset structure by continuously strengthening the origination and investment of high-quality assets, thereby maintaining stable asset quality. As at the end of the reporting period, the balance of the Group's corporate loans amounted to RMB2,863.740 billion, representing an increase of 10.15% as compared to the end of the previous year, with corporate loans accounting for 41.57% of the total. As at the end of the reporting period, the amount of non-performing corporate loans of the Group reached RMB30.475 billion, representing a decrease of RMB517 million as compared with the end of the previous year; and the non-performing loan ratio of corporate loans was 1.06%, down by 0.13 percentage point as compared with the end of the previous year.

With regard to retail loans, the Group kept on optimising its business structure, proactively adapted to the changes in the supply and demand relationship in the real estate market, supported the demands of first-time home buyers and home upgraders, and increased its efforts in the granting of micro-finance loans and consumer loans. Furthermore, the Group adhered to its "stability and low volatility" operational strategy by focusing on the acquisition of value customer groups, optimising its regional operation strategy, and steadily developing its credit card business. As at the end of the reporting period, the balance of the Group's retail loans amounted to RMB3,644.625 billion, representing an increase of 6.01% as compared to the end of the previous year, with retail loans accounting for 52.91% of the total. As at the end of the reporting period, the balance of non-performing retail loans of the Group amounted to RMB35.135 billion, representing an increase of RMB4.548 billion as compared with the end of the previous year. The non-performing ratio of retail loans was 0.96%, representing an increase of 0.07 percentage point as compared to the end of the previous year.

3.4.3 Distribution of loans and non-performing loans by industry

The Group

(in millions of RMB, except for percentages)	31 December 2024				31 December 2023			
	Loans and advances to customers	Percentage of the total loans (%)	Non-performing loans	Non-Performing loan ratio (%)[1]	Loans and advances to customers	Percentage of the total loans (%)	Non-performing loans	Non-Performing loan ratio (%)[1]
Corporate loans	2,863,740	41.57	30,475	1.06	2,599,855	39.94	30,992	1.19
Manufacturing	669,630	9.72	3,250	0.49	577,026	8.87	3,063	0.53
Transportation, storage and postal services	542,095	7.87	1,191	0.22	513,264	7.89	1,739	0.34
Production and supply of electric power, heat, gas and water	343,256	4.98	405	0.12	272,223	4.18	443	0.16
Property development	318,551	4.62	15,728	4.94	326,667	5.02	17,183	5.26
Wholesale and retail	227,711	3.31	2,436	1.07	197,739	3.04	1,330	0.67
Leasing and commercial services	194,492	2.82	788	0.41	192,670	2.96	1,470	0.76
Finance	140,264	2.04	369	0.26	133,664	2.05	387	0.29
Information transmission, software and IT service	135,017	1.96	542	0.40	103,717	1.59	760	0.73
Construction	107,966	1.57	1,371	1.27	111,200	1.71	333	0.30
Mining	51,967	0.75	550	1.06	47,271	0.73	567	1.20
Water conservancy, environment and public utilities	37,779	0.55	152	0.40	43,232	0.66	101	0.23
Others[2]	95,012	1.38	3,693	3.89	81,182	1.24	3,616	4.45
Discounted bills	379,950	5.52	–	–	471,127	7.24	–	–
Retail loans	3,644,625	52.91	35,135	0.96	3,437,883	52.82	30,587	0.89
Total loans and advances to customers	6,888,315	100.00	65,610	0.95	6,508,865	100.00	61,579	0.95

Notes:

(1) Represents the percentage of the non-performing loans in a certain category to the total loans of that category.

(2) Primarily consists of agriculture, forestry, animal husbandry, fishery, accommodation and catering, health and social work, etc.

The Group continued to improve the quality and efficiency of its services for the real economy, delivered solid achievements in the "five major articles" and focused on the development of key sectors, including technology finance, green finance, inclusive finance, retirement finance and digital finance, etc., continued to boost its support for the real economy. During the reporting period, the Group continued to optimise the industry-based credit policies, gave full play to the pulling effect of industrial clusters policies to focus on high-quality customers, strictly implement onboarding policies and increase control over key risk areas. As at the end of the reporting period, the balance of the Group's loans extended to the manufacturing industry amounted to RMB669.630 billion, representing an increase of 16.05% as compared with the end of the previous year, and accounting for 9.72% of the total loans and advances to customers, with the proportion up by 0.85 percentage point as compared with the end of the previous year.

The Company

(in millions of RMB, except for percentages)	31 December 2024 Loans and advances to customers	Percentage of the total loans (%)	Non-performing loans	Non-Performing loan ratio (%)(1)	31 December 2023 Loans and advances to customers	Percentage of the total loans (%)	Non-performing loans	Non-Performing loan ratio (%)(1)
Corporate loans	2,590,409	39.56	26,132	1.01	2,321,585	37.65	26,694	1.15
Manufacturing	641,476	9.80	3,194	0.50	555,102	9.00	3,008	0.54
Transportation, storage and postal services	465,129	7.10	1,071	0.23	435,071	7.06	1,320	0.30
Property development	286,365	4.37	13,587	4.74	290,742	4.71	14,569	5.01
Production and supply of electric power, heat, gas and water	280,675	4.29	388	0.14	220,797	3.58	425	0.19
Wholesale and retail	223,739	3.42	2,431	1.09	193,801	3.14	1,326	0.68
Leasing and commercial services	181,427	2.77	731	0.40	165,793	2.69	1,445	0.87
Information transmission, software and IT service	122,375	1.87	374	0.31	93,609	1.52	545	0.58
Finance	112,367	1.72	87	0.08	101,588	1.65	87	0.09
Construction	106,744	1.63	1,340	1.26	109,227	1.77	333	0.30
Mining	50,494	0.77	550	1.09	45,052	0.73	567	1.26
Water conservancy, environment and public utilities	32,658	0.50	52	0.16	34,680	0.56	77	0.22
Others(2)	86,960	1.32	2,327	2.68	76,123	1.24	2,992	3.93
Discounted bills	379,392	5.80	–	–	471,127	7.64	–	–
Retail loans	3,577,919	54.64	34,985	0.98	3,373,633	54.71	30,539	0.91
Total loans and advances to customers	6,547,720	100.00	61,117	0.93	6,166,345	100.00	57,233	0.93

Notes:

(1) Represents the percentage of the non-performing loans in a certain category to the total loans of that category.

(2) Primarily consists of agriculture, forestry, animal husbandry, fishery, accommodation and catering, health and social work, etc.

3.4.4 Distribution of loans and non-performing loans by region

The Group

(in millions of RMB, except for percentages)	31 December 2024				31 December 2023			
	Loans and advances to customers	Percentage of the total loans (%)	Non-performing loans	Non-Performing loan ratio (%)[1]	Loans and advances to customers	Percentage of the total loans (%)	Non-performing loans	Non-Performing loan ratio (%)[1]
Head Office[2]	982,386	14.26	18,137	1.85	973,646	14.96	18,011	1.85
Yangtze River Delta	1,544,721	22.42	13,717	0.89	1,441,147	22.14	10,489	0.73
Bohai Rim	998,754	14.50	5,918	0.59	930,205	14.29	5,745	0.62
Pearl River Delta and Western Taiwan Straits Economic Zone	1,256,355	18.24	9,413	0.75	1,186,286	18.23	7,941	0.67
North-eastern China	173,569	2.52	3,002	1.73	168,929	2.60	1,862	1.10
Central China	740,872	10.76	5,606	0.76	686,673	10.55	6,514	0.95
Western China	753,564	10.94	4,972	0.66	686,701	10.55	5,820	0.85
Overseas	81,575	1.18	352	0.43	80,336	1.23	851	1.06
Subsidiaries	356,519	5.18	4,493	1.26	354,942	5.45	4,346	1.22
Total loans and advances to customers	6,888,315	100.00	65,610	0.95	6,508,865	100.00	61,579	0.95

Notes:

(1) Represents the percentage of the non-performing loans in a certain category to the total loans of that category.

(2) The Head Office includes Credit Card Centre.

The Group proactively responded to the national strategies of coordinated regional development and industrial cluster development trend, paid close attention to changes in the market, and continued to carry out research on regional credit policies to implement differentiated regional operation strategies, thus accelerating development of key branches in the Yangtze River Delta, the Pearl River Delta, Chengdu-Chongqing Region, the Western Taiwan Straits Economic Zone, and other regions, as well as further improving regional layout of the Group.

3.4.5 Distribution of loans and non-performing loans by type of guarantees

The Group

(in millions of RMB, except for percentages)	31 December 2024				31 December 2023			
	Loans and advances to customers	Percentage of the total loans (%)	Non-performing loans	Non-Performing loan ratio (%)[Note]	Loans and advances to customers	Percentage of the total loans (%)	Non-performing loans	Non-Performing loan ratio (%)[Note]
Credit loans	2,800,227	40.64	26,942	0.96	2,592,093	39.82	24,147	0.93
Guaranteed loans	872,494	12.67	17,154	1.97	822,059	12.63	18,728	2.28
Collateralised loans	2,381,108	34.57	17,987	0.76	2,244,129	34.48	14,091	0.63
Pledged loans	454,536	6.60	3,527	0.78	379,457	5.83	4,613	1.22
Discounted bills	379,950	5.52	–	–	471,127	7.24	–	–
Total loans and advances to customers	6,888,315	100.00	65,610	0.95	6,508,865	100.00	61,579	0.95

Note: Represents the percentage of the non-performing loans in a certain category to the total loans of that category.

As at the end of the reporting period, the Group's credit loans, guaranteed loans, collateralised loans and the pledged loans increased by 8.03%, 6.14%, 6.10% and 19.79% respectively as compared with the end of the previous year.

3.4.6 Loans to the top ten single borrowers

The Group

(in millions of RMB, except for percentages)

Top ten borrowers	Industry	Loans as at 31 December 2024	Percentage of net capital (under the Advanced Measurement Approach) (%)	Percentage of total loans (%)
A	Finance	24,320	1.85	0.35
B	Transportation, storage and postal services	20,738	1.58	0.30
C	Transportation, storage and postal services	17,128	1.31	0.25
D	Transportation, storage and postal services	15,144	1.15	0.22
E	Transportation, storage and postal services	11,954	0.91	0.17
F	Production and supply of electric power, heat, gas and water	11,924	0.91	0.17
G	Information transmission, software and IT services	11,000	0.84	0.16
H	Information transmission, software and IT services	10,915	0.84	0.16
I	Property development	10,685	0.81	0.16
J	Production and supply of electric power, heat, gas and water	9,782	0.75	0.14
Total		143,590	10.95	2.08

As at the end of the reporting period, the loan balance of the Group's largest single borrower amounted to RMB24.320 billion, representing 1.85% of the Group's net capital under the Advanced Measurement Approach. The loan balance of the Group's top ten single borrowers totalled RMB143.590 billion, accounting for 10.95% of the Group's net capital under the Advanced Measurement Approach, 11.10% of the Group's net capital under the Weighted Approach, and 2.08% of the Group's total loans, respectively.

3.4.7 Distribution of loans by overdue term

The Group

(in millions of RMB, except for percentages)	31 December 2024		31 December 2023	
	Loans and advances to customers	Percentage of the total loans (%)	Loans and advances to customers	Percentage of the total loans (%)
Overdue within 3 months	42,228	0.61	36,161	0.56
Overdue from 3 months up to 1 year	25,201	0.37	23,074	0.35
Overdue from 1 year up to 3 years	17,517	0.25	17,671	0.27
Overdue more than 3 years	6,929	0.10	5,077	0.08
Total overdue loans	91,875	1.33	81,983	1.26
Total loans and advances to customers	6,888,315	100.00	6,508,865	100.00

As at the end of the reporting period, overdue loans of the Group amounted to RMB91.875 billion, up by RMB9.892 billion from the end of the previous year and accounting for 1.33% of its total loans and advances, representing an increase of 0.07 percentage point as compared with the end of the previous year. Of the overdue loans, collateralised and pledged loans accounted for 31.25%; guaranteed loans accounted for 15.28%; and credit loans accounted for 53.47% (the majority of which were overdue loans of credit cards). The Group adopted prudent asset classification criteria for overdue loans, and the Group's ratio of non-performing loans to the loans overdue for more than 90 days was 1.32, and the Company's ratio of non-performing loans to the loans overdue for more than 60 days was 1.17 as at the end of the reporting period.

3.4.8 Restructured loans

The Group

(in millions of RMB, except for percentages)	31 December 2024 Loan balance	31 December 2024 Percentage of total loans and advances (%)	31 December 2023 Loan balance	31 December 2023 Percentage of total loans and advances (%)
Restructured loans(note)	**24,826**	**0.36**	26,099	0.40
Of which: restructured loans overdue more than 90 days	**8,084**	**0.12**	6,801	0.10

Note: Represents the restructured loans recognised in accordance with the requirements of the regulatory authorities of the finance industry, and the figures at the beginning of the year have been adjusted in accordance with the same statistical calibre.

The Group imposed strict and prudent management and control over loan restructuring. As at the end of the reporting period, the percentage of the Group's restructured loans to total loans and advances was 0.36%, down by 0.04 percentage point as compared with the beginning of this year.

3.4.9 Repossessed assets and impairment allowances

As at the end of the reporting period, the balance of repossessed assets (other than financial instruments) of the Group amounted to RMB511 million. After deducting the impairment allowances of RMB128 million, the net carrying value amounted to RMB383 million. The balance of repossessed financial instruments amounted to RMB5.334 billion.

3.4.10 Changes in the allowances for impairment losses on loans

The following table sets forth the changes in the allowances for impairment losses on loans of the Group.

(in millions of RMB)	2024	2023
Balance as at the end of the previous year	**269,534**	261,476
Charge for the period	**43,608**	46,635
Recovery of loans written off	**10,274**	8,819
Write-offs/disposal for the period	**(53,154)**	(47,922)
Foreign exchange rate and other movements	**39**	526
Balance as at the end of the period	**270,301**	269,534

The Group continued to adopt a stable and prudent policy in respect of making allowances. As at the end of the reporting period, the balance of allowances for impairment losses on loans of the Group amounted to RMB270.301 billion, representing an increase of RMB767 million as compared with the end of the previous year. The allowance coverage ratio was 411.98%, representing a decrease of 25.72 percentage points as compared with the end of the previous year; the allowance-to-loan ratio was 3.92%, representing a decrease of 0.22 percentage point as compared with the end of the previous year. For details of the changes in allowances for impairment losses on loans, please refer to Note 22(c) to the financial statements.

3.5 Analysis of Capital Adequacy

3.5.1 Capital adequacy ratio

As at the end of the reporting period, the core Tier 1 capital adequacy ratio, the Tier 1 capital adequacy ratio and the capital adequacy ratio of the Group under the Advanced Measurement Approach were 14.86%, 17.48% and 19.05% respectively, representing an increase of 1.13, 1.47 and 1.17 percentage points respectively, as compared with the end of the previous year.

The Group

(in millions of RMB, except for percentages)	31 December 2024	31 December 2023	Increase/decrease at the end of the current year as compared with the end of the previous year (%)
Capital adequacy ratios under the Advanced Measurement Approach[1]			
Net core Tier 1 capital	**1,023,048**	907,308	12.76
Net Tier 1 capital	**1,203,494**	1,057,754	13.78
Net capital	**1,311,742**	1,181,487	11.02
Risk-weighted assets (without taking into consideration the capital floor requirements)	**6,885,783**	5,919,504	16.32
Of which: Credit risk-weighted assets	**5,973,261**	5,226,757	14.28
Market risk-weighted assets	**196,760**	86,751	126.81
Operational risk-weighted assets	**715,762**	605,996	18.11
Risk-weighted assets (taking into consideration the capital floor requirements)	**6,885,783**	6,608,021	4.20
Core Tier 1 capital adequacy ratio	**14.86%**	13.73%	Increased by 1.13 percentage points
Tier 1 capital adequacy ratio	**17.48%**	16.01%	Increased by 1.47 percentage points
Capital adequacy ratio	**19.05%**	17.88%	Increased by 1.17 percentage points
Information on leverage ratio[2]			
Balance of adjusted on- and off-balance sheet assets	**14,218,773**	12,806,260	11.03
Leverage ratio	**8.46%**	8.26%	Increased by 0.20 percentage point

Notes:

(1) The "Advanced Measurement Approach" refers to the Internal Ratings-Based (IRB) Approach for credit risk, the Standardised Approach for market risk and the Standardised Approach for operational risk set out in the "Rules on Capital Management of Commercial Banks" (hereinafter referred to as the "New Capital Rules") issued by the National Financial Regulatory Administration (NFRA) on 1 November 2023 (same as below). A commercial bank shall use both the Advanced Measurement Approach for capital measurement and other approaches to calculate capital adequacy ratios, and comply with the capital floor requirements. In accordance with the requirements of the Advanced Measurement Approach, the scope of entities for calculating the capital adequacy ratio of the Group shall include China Merchants Bank and its subsidiaries. The scope of entities for calculating the capital adequacy ratio of the Company shall include all the domestic and overseas branches and sub-branches of China Merchants Bank. As at the end of the reporting period, the Group's subsidiaries for calculating its capital adequacy ratio included CMB Wing Lung Bank, CMB International Capital, CMB Financial Leasing, CMB Wealth Management, China Merchants Fund, CIGNA & CMAM and CMB Europe S.A.

(2) Starting from 2024, the leverage ratio shall be calculated based on the provisions of the New Capital Rules. The leverage ratios of the Group were 8.27%, 7.88% and 8.11% respectively as at the end of the third quarter of 2024, the end of the half year of 2024 and the end of the first quarter of 2024.

(3) As the New Capital Rules came into effect on 1 January 2024, the data as of 31 December 2024 in the above table was calculated in accordance with the provisions of the New Capital Rules, while the data as of 31 December 2023 was still calculated in accordance with the provisions of the "Administrative Measures on Capital of Commercial Banks (Provisional)" issued by the former CBRC on 7 June 2012 (same as below).

As at the end of the reporting period, the core Tier 1 capital adequacy ratio, the Tier 1 capital adequacy ratio and the capital adequacy ratio of the Company under the Advanced Measurement Approach were 14.84%, 17.53% and 19.17% respectively, representing an increase of 1.52, 1.83 and 1.55 percentage points respectively, as compared with the end of the previous year.

The Company

(in millions of RMB, except for percentages)	**31 December 2024**	31 December 2023	Increase/decrease at the end of the current year as compared with the end of the previous year (%)
Capital adequacy ratios under the Advanced Measurement Approach			
Net core Tier 1 capital	**914,275**	801,565	14.06
Net Tier 1 capital	**1,080,144**	944,349	14.38
Net capital	**1,180,786**	1,059,697	11.43
Risk-weighted assets (without taking into consideration the capital floor requirements)	**6,160,977**	5,295,085	16.35
Of which: Credit risk-weighted assets	**5,321,453**	4,673,703	13.86
Market risk-weighted assets	**179,157**	67,143	166.83
Operational risk-weighted assets	**660,367**	554,239	19.15
Risk-weighted assets (taking into consideration the capital floor requirements)	**6,160,977**	6,015,774	2.41
Core Tier 1 capital adequacy ratio	**14.84%**	13.32%	Increased by 1.52 percentage points
Tier 1 capital adequacy ratio	**17.53%**	15.70%	Increased by 1.83 percentage points
Capital adequacy ratio	**19.17%**	17.62%	Increased by 1.55 percentage points

As at the end of the reporting period, the core Tier 1 capital adequacy ratio, the Tier 1 capital adequacy ratio and the capital adequacy ratio of the Group under the Weighted Approach were 12.43%, 14.63% and 15.73% respectively, representing an increase of 0.57, 0.81 and 0.77 percentage point respectively as compared with the end of the previous year.

The Group

(in millions of RMB, except for percentages)	**31 December 2024**	31 December 2023	Increase/decrease at the end of the current year as compared with the end of the previous year (%)
Capital adequacy ratios under the Weighted Approach(note)			
Net core Tier 1 capital	**1,023,048**	907,308	12.76
Net Tier 1 capital	**1,203,494**	1,057,754	13.78
Net capital	**1,293,801**	1,144,901	13.01
Risk-weighted assets	**8,227,390**	7,652,723	7.51
Core Tier 1 capital adequacy ratio	**12.43%**	11.86%	Increased by 0.57 percentage point
Tier 1 capital adequacy ratio	**14.63%**	13.82%	Increased by 0.81 percentage point
Capital adequacy ratio	**15.73%**	14.96%	Increased by 0.77 percentage point

Note: The "Weighted Approach" refers to the Weighted Approach for credit risk, the Standardised Approach for market risk and the Standardised Approach for operational risk in accordance with the provisions of the New Capital Rules. Same as below.

As at the end of the reporting period, the core Tier 1 capital adequacy ratio, the Tier 1 capital adequacy ratio and the capital adequacy ratio of the Company under the Weighted Approach were 12.19%, 14.40% and 15.49% respectively, representing an increase of 0.81, 1.00 and 0.97 percentage point respectively as compared with the end of the previous year.

The Company

(in millions of RMB, except for percentages)	31 December 2024	31 December 2023	Increase/decrease at the end of the current year as compared with the end of the previous year (%)
Capital adequacy ratios under the Weighted Approach			
Net core Tier 1 capital	**914,275**	801,565	14.06
Net Tier 1 capital	**1,080,144**	944,349	14.38
Net capital	**1,162,413**	1,023,111	13.62
Risk-weighted assets	**7,503,260**	7,046,274	6.49
Core Tier 1 capital adequacy ratio	**12.19%**	11.38%	Increased by 0.81 percentage point
Tier 1 capital adequacy ratio	**14.40%**	13.40%	Increased by 1.00 percentage point
Capital adequacy ratio	**15.49%**	14.52%	Increased by 0.97 percentage point

3.5.2 Balance of credit risk exposures

During the reporting period, the credit risk of the Company under the IRB Approach was classified into six types of risk exposures: sovereign, financial institution, corporate, retail, shareholding and others. As at the end of the reporting period, the balances of various risk exposures were as follows.

(in millions of RMB)	Type of risk exposure	31 December 2024 The Company	31 December 2024 The Group
Portion covered by the IRB Approach	Financial institution	**1,315,744**	**1,308,357**
	Corporate	**2,773,014**	**2,773,014**
	Retail	**4,502,154**	**4,502,154**
	Of which: Residential mortgage	**1,395,403**	**1,395,403**
	Qualified revolving retail	**2,338,394**	**2,338,394**
	Other retail	**768,357**	**768,357**
Portion not covered by the IRB Approach	On-balance sheet	**5,440,369**	**6,226,378**
	Off-balance sheet	**275,430**	**317,774**
	Counterparty	**22,431**	**24,151**

3.5.3 Measurement of market risk capital

The Group uses the Standardised Approach to calculate its market risk capital requirement. As at the end of the reporting period, the market risk-weighted assets of the Group were RMB196.760 billion, and the market risk capital requirement was RMB15.741 billion.

3.6 Results of Operating Segments

The principal business segments of the Group include retail finance and wholesale finance. The following table summarises the operating results of each business segment of the Group for the periods indicated.

Items	2024		2023	
(in millions of RMB)	Profit before tax by business segments	Net operating income	Profit before tax by business segments	Net operating income
Retail finance	90,644	196,784	99,913	194,315
Wholesale finance	87,556	135,393	72,765	134,625
Other businesses	452	4,944	3,940	10,138
Total	178,652	337,121	176,618	339,078

During the reporting period, profit before tax of retail finance business of the Group amounted to RMB90.644 billion, down by 9.28% year-on-year, and accounting for 50.74% of the profit before tax of the Group, representing a year-on-year decrease of 5.83 percentage points; net operating income amounted to RMB196.784 billion, up by 1.27% year-on-year, and accounting for 58.37% of the net operating income of the Group, representing a year-on-year increase of 1.06 percentage points. During the reporting period, the cost-to-income ratio of retail finance business of the Group was 32.53%, representing a year-on-year increase of 0.57 percentage point.

For the detailed figures of the Group's business and geographical segments, please refer to Note 56 to the financial statements.

3.7 Other Financial Disclosures under the Regulatory Requirements

3.7.1 Balance of off-balance sheet items that may have a material effect on the financial position and operating results and the related information

The Group's off-balance sheet items include derivative financial instruments, commitments and contingent liabilities. Commitments and contingent liabilities include credit commitments, leasing commitments, capital commitments, securities underwriting commitments, bonds redemption commitments, outstanding litigations and disputes and other contingent liabilities, among which the credit commitments are the primary component. As at the end of the reporting period, the balance of credit commitments of the Group was RMB3,100.247 billion. For details of the contingent liabilities and commitments, please refer to Note 58 to the financial statements.

3.7.2 Outstanding overdue debts

As at the end of the reporting period, the Group did not have any outstanding overdue debts.

3.8 Implementation of Development Strategies

During the reporting period, the Company focused on the strategic objective of "value creation bank", and strived to grow stronger, better and bigger through differentiated development, while deepening the establishment of a new high-quality development model driven by "adopting strict management, upholding fundamental principles and breaking new ground (守正創新)", maintaining stable operating results, further enhancing market competitiveness and reinforcing its differentiated advantages, so as to take solid steps on the path of high-quality development.

3.8.1 Dynamically balanced development of "Quality, Profitability and Scale"

Focusing on the value creation chain of "volume growth – revenue growth – profit growth – value growth", the Company adhered to the principle of "takes quality as the foundation and profitability as priority, while maintaining moderate scale and reasonable structure", maintained stable asset quality, strong risk compensation capacity, steady profit growth, and a relatively high level of ROAA and ROAE during the reporting period; the business scale grew to a new level, and the customer base, total assets, total assets under management (AUM) from retail customers, and the financing products aggregate to corporate customers (FPA) all achieved new breakthroughs. In light of the constantly consolidated advantages in structure, indicators such as the proportion of retail finance business contributed to net operating income and profit, the proportion of net non-interest income in net operating income and others maintained a relatively good level.

3.8.2 Balanced and coordinated development of our four major sectors

During the reporting period, the Company continued to promote the development of four major sectors, namely "retail finance, corporate finance, investment banking and financial markets, wealth management and asset management", to form a business pattern of balanced and coordinated development with distinctive features, strengthened and enhanced the capital-heavy business, and optimised and expanded the capital-light business.

The systematic advantages of the Company's retail finance sector were further highlighted. Focusing on the needs of customers in "deposit, loan, and remittance", the Company improved the product service system, and continuously upgraded the quality of customer service and service experience. As of the end of the reporting period, the Company's retail customers reached 210 million in total, representing an increase of 6.60% as compared with the end of the previous year; the balance of total assets under management (AUM) from retail customers amounted to RMB14.93 trillion, representing an increase of 12.05% as compared with the end of the previous year; the balance of deposits from retail customers amounted to RMB3,825.802 billion, representing an increase of 15.43% as compared with the end of the previous year; and the balance of retail loans amounted to RMB3,577.919 billion, representing an increase of 6.06% as compared with the end of the previous year. Due to continued improvement of the debit and credit card integrated customer acquisition and operating efficiency, 67.25% of our credit card customers held both our debit cards and credit cards as of the end of the reporting period, up by 1.53 percentage points as compared with the end of the previous year.

The featured advantages of the Company's corporate finance sector were continuously entrenched. Focusing on the needs of the nation, the needs of customers, and the capabilities of CMB, the Company built featured finance services, including technology finance, green finance, inclusive finance, retirement finance and digital finance, upgraded the customer acquisition and service model, and continued to expand the breadth and depth of customer services. As at the end of the reporting period, the total number of corporate customers served by the Company reached 3,166,400, representing an increase of 12.26% as compared with the end of the previous year. The balance of deposits from corporate customers amounted to RMB4,952.448 billion, representing an increase of 8.67% as compared with the end of the previous year; and the balance of loans to corporate customers amounted to RMB2,590.409 billion, representing an increase of 11.58% as compared with the end of the previous year. Among them, the growth rate of loans in key areas such as technology finance, green finance, inclusive finance and manufacturing industry was significantly higher than the average growth rate of the loans extended by the Company. As at the end of the reporting period, the balance of loans extended to the sci-tech enterprises[3] was RMB590.456 billion, representing an increase of 9.73% as compared with the beginning of the year; the balance of green loans amounted to RMB488.200 billion, representing an increase of 9.03% as compared with the end of the previous year; the balance of loans granted to inclusive small- and micro-sized enterprises was RMB887.679 billion, representing an increase of 10.37% as compared with the end of the previous year; and the balance of loans extended to the manufacturing industry amounted to RMB641.476 billion, representing an increase of 15.56% as compared with the end of the previous year. The Company made every effort to become the "principal bank for settlement" for customers of cross-border transactions and the "global principal bank" for core customers. During the reporting period, the international balance of payments for corporate customers amounted to USD425.611 billion, representing a year-on-year increase of 19.26%.

The competitiveness of the Company's investment banking and financial markets sector continued to grow. The Company accelerated the transformation of its investment banking business and built a full-service system. As at the end of the reporting period, the balance of the financing products aggregate to corporate customers (FPA) contributed by the investment banking business increased by 14.45% as compared with the beginning of the year. The Company continued to enhance its proprietary investment research and client service capabilities in the financial markets sector, with bond investment yield being among the best in the market. During the reporting period, the number of wholesale customers involved in client flow tradings was 77,120, representing a year-on-year increase of 15.12%; the transaction volume of client flow tradings of wholesale customers amounted to USD282.872 billion, representing a year-on-year increase of 19.40%. With the on-going improvement of the integrated operation capability of bill business, the Company continued to enhance its bill transaction business. During the reporting period, the number of customers of bill business of the Company was 196,800 with a year-on-year increase of 23.23% and the volume of commercial acceptance bill discounting ranked first in the market (data from the Commercial Bank Bill Business Association).

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3 Starting from 2024, the statistical calibre of loans extended to sci-tech enterprises is based on that of the National Financial Regulatory Administration.

The Company's capabilities of wealth management and asset management were constantly enhanced. The Company continued to promote the development of extensive wealth management business, and deepen the services for all customer bases, all products and all channels. The retail wealth management business maintained its industry-leading position. As of the end of the reporting period, the number of retail customers holding wealth management products distributed by the Company reached 58,216,200, representing an increase of 13.31% as compared with the end of the previous year; the number of customers who conducted asset allocation under the "CMB TREE Asset Allocation Service System" reached 10,375,600, representing an increase of 13.84% as compared with the end of the previous year. 159 asset management institutions with industry representativeness have been hosted on the "Zhao Cai Hao (招財號)", an open platform of wealth management business of the Company. The Company actively promoted its corporate wealth management business, continued to improve the product system and optimise customer experience, with the average daily balance of corporate wealth management products reaching RMB399.871 billion as of the end of the reporting period, representing a year-on-year increase of 30.35%. The Group's asset management subsidiaries continued to strengthen the six major capabilities of investment research, asset origination, risk management, technology support, business innovation and talent team. As of the end of the reporting period, the total asset management business amounted to RMB4.48 trillion. The Company vigorously cultivated the service brand of "China Merchants Bank Custody+ (招商銀行託管+)" by expanding the scale, optimising the structure and strengthening the service. As of the end of the reporting period, the scale of custody of the Company reached RMB22.86 trillion, ranking among the top in the industry.

3.8.3 Promoting in full steam a "Digital & Intelligent CMB"

With adherence to "upholding fundamental principles and breaking new ground (守正創新)", the Company implemented the strategy of developing the Bank with technology, and continued to promote innovation in key areas such as products, services, operation and management by relying on technology. The Company promoted its shifting from "Online CMB" towards "Digital & Intelligent CMB" following the direction of "online, data-based, intelligent, platform-based and ecological operation", actively embraced the new generation of AI revolution represented by large model, focused on the construction of "AI + finance", and made every effort to make a big difference in digital finance. During the reporting period, the Company's information technology input amounted to RMB13.350 billion, with the ratio of information technology input to the Company's net operating income reaching 4.38%. The Company attached great importance to the construction of digital talent pool. As of the end of reporting period, the number of R&D personnel of the Group reached 10,900, accounting for 9.30% of the total number of employees of the Group. Leveraging the Fintech Innovation Project Fund which focused on the five major directions, namely digital operation and management, cutting-edge technology capabilities, bank-to-business ecosystem, bank-to-consumer ecosystem, innovation and incubation, the Company comprehensively promoted its construction of digital capabilities. During the reporting period, 610 new Fintech innovation projects were launched, and 731 new projects were put into operation. As of the end of reporting period, the number of the Bank's Fintech innovation projects launched and put into operation reached an aggregate of 4,410 and 3,793, respectively.

In terms of retail business, the Company accelerated the transformation and upgrading from "online retail" to "digital and intelligent retail", providing customers with efficient, convenient and safe intelligent services. As of the end of reporting period, the monthly active users (MAU) of the CMB APP and the CMB Life APP totalled 123 million. Intelligent wealth assistant "Xiao Zhao（小招）" has upgraded from a wealth management assistant to a banking assistant that can listen and respond, and large model technology is applied to comprehensively enhance the intelligence of "Xiao Zhao（小招）" and improve the self-service capability in high-frequency and complex scenarios. The Company expedited the digital transformation of retail credit business, continuously promoted the docking of credibility data, enhanced the capability of big data-driven risk management, which facilitated the expansion of volume and coverage of the retail credit business and led to higher quality and efficiency. The Company conducted the agile and iterative development of the visualised system of private banking asset allocation, optimised the allocation method, constantly upgraded the investment and research framework and product selection system, and digitally empowered asset allocation services.

In terms of wholesale business, the Company drived high-quality customer acquisition and management with digital intelligence, continued to deepen its application in all aspects of customer service and customer operation, and effectively served the high-quality development of the real economy. As of the end of the reporting period, 93.81% of financing business were conducted online, and 77.41% of foreign exchange business were conducted online, representing an increase of 1.53 percentage points and 2.07 percentage points as compared with the end of the previous year respectively. The number of monthly active customers of wholesale online channels reached 1,949,400, representing a year-on-year increase of 14.88%. Large model technology is used to create a digital product manager, which can reshape customer service interactions and accurately recognise customer intent. Catering to the digital transformation needs of enterprises with its own technology capabilities, the Company provided digital treasury management services to enterprises at different development stages. As of the end of the reporting period, Treasury Management Cloud (財資管理雲) served 615,200 corporate customers, representing an increase of 28.81% as compared with the end of the previous year. By actively integrating internal and external data, the Company applied AI technology and modelling approach to drive product innovation.

In terms of risk management, the Company comprehensively utilised internal and external data, and continued to fortify the fortress-style comprehensive risk and compliance management system to ensure high-quality business development. The Company accelerated the construction of the Group Risk-management System (GRS), and built a leading, convenient and effective full-process risk management platform for corporate asset business based on the six principles of "globalisation of services, group management system, on- and off-balance sheet integration, intelligent risk control, data standardisation, information ecologisation". The Company strengthened on- and off-balance sheet business process management, empowered business development, and enhanced risk management effectiveness. The Company built a comprehensive risk monitoring platform to digitally monitor risks in key business areas, drived intelligent management decisions with data, and applied the intelligent early warning function to on- and off-balance sheet businesses. During the reporting period, the online risk control platform continued to be upgraded, with new corporate loans amounting to RMB402.541 billion, a year-on-year increase of 32.61%. We strengthened the combination of large language models and risk management scenarios, and fully utilised AI technology to enhance the efficiency of the credit process and risk management capability.

In terms of operation management, the Company strengthened the application of intelligent tools to enhance the Bank's refined management capability and support the Bank's business development. Focusing on operation analysis and business strategy, the retail line created a retail intelligent assistant product matrix to enhance the coordination and management efficiency of the retail line. For the wholesale line, the Company offered CRM intelligent assistant for account manager users, realising key scenarios such as single-family inquiries, product Q&A, and intelligent minutes to enhance the efficiency of account managers. The asset and liability management area actively applied digital tools for institutional operation monitoring, intelligent attribution analysis, multi-dimensional scenario simulation and risk early warning and control. Among them, the Company took the lead in applying the large language model technology in capital management to create the industry-leading "Smart Capital GPT"; the product pricing management system further improved the online full-process management and promoted comprehensive digital and intelligent transformation. The Company innovated the HR digital service model and developed the "digital beauty (數字美眉)" robot based on large model technology to realise intelligent services for employees, with the number of "digital beauty (數字美眉)" users reaching 25,300 by the end of the reporting period. Digital tools such as "General Branch Cockpit" and "General Branch Space" were developed to empower the digitisation of the operation and management of general branches.

In terms of internal operations, the Company enhanced the automation and intelligence of our operations and services, accelerate the transformation to a "people+digital intelligence" operation model, and achieve a high-quality balance of experience, efficiency, risk and cost. As at the end of the reporting period, the open operation service platform "Kaiyang Portal (開陽門戶)" had completed the intelligent transformation of more than 730 operation processes and expanded its application, and the efficiency of key business processes such as RMB settlement account opening and letter of inquiry increased by 58.32% as compared with the end of the previous year. The Company continued to practise ESG concepts in all operations, realised the electronic business agreement through the "E-stack agreement management platform (E棧協議管理平台)", and realised the paperless business operation approval and handover across the Bank through the "paperless platform", saving 46,588,800 pieces of paper and reducing 419.30 tons of carbon dioxide emissions throughout the year. In response to the national promotion of electronic invoicing, the Company fully implemented electronic invoice issuing services. Also, the Company presented an integrated solution of "ticket, finance, tax and file", accelerated the intelligent transformation of financial operations, and realised the innovative application of large models in the field of financial reimbursement audit. During the reporting period, 1,138,100 paperless reimbursement claims were processed, with an increase in audit efficiency of 63.09%. During the reporting period, with the further popularisation and application of intelligent technology in the Company's customer service, management, risk control, operation, office and other fields, the Company realised the replacement of more than 26 million man-hours by intelligent applications and 8 million man-hours by Conch RPA+ (Robot Process Automation), effectively improving the processing efficiency and service level of businesses.

In terms of technological infrastructure, the Company continued to strengthen the technological foundation of "cloud + AI + middle office", fully unleashed the benefits brought by cloud technology, and steadily pushed forward the systematic construction of large models controlled by itself independently. Cloud services have been optimised and upgraded. The Company continued to improve the CMB Cloud by focusing on consolidating availability and improving resource efficacy, and the overall availability[4] of cloud exceeded 99.999% during the reporting period. **The construction of the middle office achieved remarkable results.** Focusing on building an industry-leading technology centre, the Company continued to improve the scale and quality of application components[5], and enhanced the reuse level of IT resources. The Company released a total of 5,942 application components as of the end of the reporting period. The data middle office continued to accumulate enterprise-level data capabilities and data assets, and as of the end of the reporting period, big data services covered 63% of the Bank's employees, and the data had become the core basis for employees to carry out business analysis. **"AI + finance" has been comprehensively implemented.** The Company made comprehensive efforts in the areas of infrastructure, scenario application and ecosystem construction. In terms of infrastructure, the Company has built arithmetic clusters composed of thousands of computing nodes, introduced the mainstream foundation large model in China, released the first open-source financial AI model with tens of billion parameters in domestic banking industry, "Yi Zhao (一招)", open-sourced 2TB of high-quality data sets in the financial industry, built a one-stop intelligent application development platform, and accumulated the enterprise-level AI capabilities. In terms of scenario application, the Company has explored over 120 large model application scenarios, covering retail and corporate customer service, risk control, operation, office and other areas. In terms of ecosystem construction, the Company continued to refine its internal large model experience platform "AI Co-Creation (AI共創)" to stimulate entire staff participation, and has expanded the "circle of friends" of large models externally by joining hands with technology enterprises and financial peers to actively participate in the construction of the external large model ecosystem.

4 Availability refers to the proportion of normal working conditions in a given period of time. The overall availability of the cloud services is the arithmetic average of the availability of each important system running on the cloud platform.

5 Component refers to reusable common module of the system provided in the form of API (application programming interfaces).

3.8.4 Consolidating the "fortress-style" comprehensive risk and compliance management system

During the reporting period, the Company adhered to the risk-based approach, managed development and safety conditions, strengthened comprehensive risk management, so that overall quality of the assets remained stable and the bottom line of risk and compliance was firmly guarded. The Company continued to strengthen comprehensive risk management by accurately identifying various types of risks, such as credit risk, market risk, liquidity risk, operational risk, compliance risk, information technology risk and reputation risk, and prudently assessing, dynamically monitoring and responding to those risks in a timely manner. The Company has strengthened process management and implemented policies by category. The Company effectively prevented and resolved risks in key areas and strengthened the management of real estate and local government financing businesses by virtue of the coordination mechanism of urban real estate financing business and a package of debt resolution proposals. The Company took multiple measures to strengthen risk control in areas such as personal housing loans, consumer credit business, small and micro loans, and list-based industries; and increased efforts to resolve non-performing loans. As at the end of the reporting period, the Company's non-performing loan ratio was 0.93%, unchanged from the end of the previous year, with overall stable asset quality. The Company consolidated the foundation of its risk and compliance management capabilities and strengthened the building and enhancement of its risk and compliance team; iterated the "Domestic Branch Risk Rating and Profile System" and strengthened the risk management of overseas branches and subsidiaries; promoted the establishment of the Group's risk management system and enhanced the capability of digital and intelligent risk control; and optimised the "dynamic rebalancing" strategy of its asset business and "one branch, one policy" list-based management; continued to strengthen sanctions compliance and money laundering risk management and control, and proactively fulfilled regulatory compliance requirements.

3.8.5 Overall improvement in management levels

During the reporting period, the Company adhered to strict management, accelerated the building of a standardised, sophisticated, empowering, systematic and scientific management system, and steadily improved the quality and efficiency of management. The Company optimised asset-liability management, struck a multi-purpose balance, promoted high-quality growth in deposits and loans, strengthened the refined management of pricing, and maintained a leading edge in net interest margin. The Company fully adopted the new capital regulations, resulting in significant capital savings. The Company solidly promoted cost reduction and efficiency enhancement, insisted on retaining necessary expenses and reducing those with lower priority, optimised the expense structure, and enhanced the quality and efficiency of cost inputs. The Company deepened organisational reforms, pressed on with the reform of the branch operational system, and enhanced comprehensive customer service and operational capability; optimised the organisational structure of the head office departments, and established the Retail Customer Group Department. In addition, the Company strengthened team management, selected the best and strongest managers at all levels, strengthened building of a reserve team, and enhanced duty performance. The Company strengthened the "selection, development, utilisation, retention, and management" of the talent team, reinvented the talent exchange system, and perfected the system of segmentation and classification-based training, so as to enhance the team's professional standard. The Company strengthened service management, continuously improved the consumer protection system, focused on the service enhancement action plan, and carried out financial education covering 565 million consumers in an innovative way. The Company also enhanced its operation management, implemented the "Operation+ (營+)" series of service programs, and upgraded the intelligent operation mode driven by digital intelligence which served 177 million customers, with a year-on-year increase of 14.10%.

3.8.6 In-depth implementation development strategies in key regions

During the reporting period, the Company proactively responded to the national strategies of coordinated regional development and industrial cluster development trend, and promoted the characteristic operation for branches located in the Yangtze River Delta, the Pearl River Delta, Chengdu-Chongqing Region, the Western Taiwan Straits Economic Zone and other regions, and continued to increase the investment of resources in the branches, so these branches are in a better position to serve high quality development of the regions. The Company carried out the "deep and intensive cultivation" centring on regional advantageous and characteristic industries as well as customer needs, and managed to expand the coverage of high-quality customers in the regions and pursued continuous growth and structural optimisation of customer base. As at the end of the reporting period, the growth rates of customer base, total assets under management (AUM) from retail customers, core deposits, loans and other core indicators of the 16 branches in key regions were all higher than the average level of domestic branches compared with the previous year. As at the end of the reporting period, the core deposit[6] and loan[7] balances of the Company's 16 branches in key regions amounted to RMB1.94 trillion and RMB2.11 trillion, accounting for 29.17% and 38.83% of all domestic branches respectively, representing an increase of 0.36 and 0.19 percentage point and by RMB138.466 billion and RMB157.617 billion in balances, as compared with the end of the previous year, respectively, with the incremental increases accounting for 34.83% and 41.30% of the aggregate increase amounts of domestic branches, respectively.

3.9 Key Business Concerns in Operation

3.9.1 Net interest margin

During the reporting period, the Group's net interest margin was 1.98%, representing a decrease of 17 basis points year-on-year; the Company's net interest margin was 2.04%, representing a decrease of 16 basis points year-on-year. In the fourth quarter of 2024, the Group's net interest margin was 1.94%, representing a decrease of 3 basis points as compared with the third quarter of 2024; and the Company's net interest margin was 1.98%, representing a decrease of 5 basis points as compared with the third quarter of 2024. Such decrease in net interest margin was mainly due to the reasons below. On the asset side, firstly, due to the decreased interest rate for existing residential mortgage loans in the previous year, the downturn of the LPR (Loan Prime Rate) and the insufficient effective credit demand, the pricing of newly granted loans had continued to decline, and average loan yields had been going down; secondly, market interest rates had been running at low levels, driving a continuous decline in yields of market-oriented assets such as bond investments, interbank lending and bill discounting. On the liability side, the growth of low-cost demand deposits was under pressure. The trend of shifting towards time deposits continued which to certain extent mitigated the effects of market deposit rate decline and the cost ratio of liabilities remained relatively rigid. In order to maintain a relatively stable net interest margin, the Group strengthened the management of its asset and liability portfolio during the reporting period. On the asset side, the Group persisted in increasing effective asset origination and strengthened the portfolio management of asset, maintaining a relatively reasonable level of asset yields. On the liability side, the Group focused on driving growth in low-cost core deposits. By flexibly arranging the acquisition of market-oriented funds, the Group continued to optimise its portfolio allocation of liability and maintained its strengths in cost of liabilities.

With the current market interest rate at a low level and the lack of effective financing demand, the banking sector still faces net interest margin downward pressure. Looking ahead to 2025, the Group's net interest margin will continue to be under pressure, while at the same time there are some positive factors. As far as pressure is concerned, on the asset side, the policy-driven effects of the LPR cut and further reduction in existing mortgage rates in 2024 will continue to unfold, effective asset placement will continue to be under pressure, and asset yields are expected to continue the downward trend. On the liability side, the trend of shifting towards time deposits has not seen any significant improvement, and the pressure to control the cost of liabilities still exists. Where positive factors are concerned, firstly, the fiscal policy has become more vigorous and proactive, and the domestic economy continues to accentuate its upturn, which will create a stable operating environment for the banking industry; secondly, the monetary policy has turned "moderately loose", which provides opportunities for the banking industry to optimise the allocation of liability portfolios and improve the overall cost of liabilities.

[6] The core deposits represent the internal management indicator for the Company's deposits, excluding large-denomination certificates of deposit, structured deposits and other relatively high-cost deposits.

[7] Excluding credit card loans.

The Group will continue to optimise its asset-liability structure through forward-looking asset-liability portfolio management to promote a reasonable, stable and healthy net interest margin. On the asset side, the Group will, firstly, continue to promote the origination of effective assets, focus on promoting loan extension, manage the pace, maintain a reasonable proportion of retail loans, and continue to optimise the structure of corporate loan customer group. Secondly, the Group will grasp the trend of market interest rates in a forward-looking manner, focus on optimising the structure of asset, and flexibly arrange the portfolio allocation of assets such as bills, bond investment and interbank assets. On the liability side, the Group will adhere to the concept and orientation of high-quality development of liabilities, and take various measures to promote the steady and healthy growth of low-cost customer deposits; secondly, the Group will optimise the structure of liabilities, and arrange the acquisition of bonds, interbank liabilities and other market-oriented funds at appropriate opportunities and times, so as to maintain its strengths in the overall cost of liabilities.

3.9.2 Net non-interest income

During the reporting period, faced with challenges such as insufficient effective demand, capital market fluctuations, fee cuts and concession offerings, the Group implemented requirements for high-quality development, focused on customer needs, upgraded customer services, and continuously improved the quality and efficiency of intermediary business services. In light of the impact of short-term adverse factors, the Group actively built differentiated competitiveness in an effort to explore growth points in segmented areas. During the reporting period, the Group realised net non-interest income of RMB125.844 billion, representing an increase of 1.15% year-on-year, accounting for 37.33% of net operating income and representing an increase of 0.64 percentage point year-on-year. Among the Group’s net non-interest income, net fee and commission income was RMB72.094 billion, representing a decrease of 14.28% year-on-year, accounting for 57.29% of the net non-interest income; other net non-interest income was RMB53.750 billion, representing an increase of 33.37% year-on-year. During the reporting period, the Group’s income contributed by extensive wealth management was RMB37.647 billion[8], representing a decrease of 16.84% year-on-year.

The major items under the Group’s net fee and commission income during the reporting period are analysed as follows. **Fee and commission income from wealth management** amounted to RMB22.005 billion, representing a year-on-year decrease of 22.70%. Among them, income from agency distribution of wealth management products was RMB7.856 billion, representing a year-on-year increase of 44.84%, which was mainly driven by the growth of the volume of agency distribution and the optimisation of product structure. Income from agency distribution of insurance policies amounted to RMB6.425 billion, representing a year-on-year decrease of 52.71%, mainly due to reduction in fees from the bancassurance channels. Income from agency distribution of funds amounted to RMB4.165 billion, representing a year-on-year decrease of 19.58%, which was mainly due to the reduction in fund fees and the decline in the holding volume of equity funds. Income from agency distribution of trust schemes amounted to RMB2.125 billion, representing a year-on-year decrease of 33.72%, which was mainly due to the decline in the volume of agency distribution of trust schemes. Income from securities brokerage was RMB1.108 billion, representing a year-on-year increase of 51.57%, which was mainly due to the increasing customer demand for securities transactions in Hong Kong capital market. **Fee and commission income from asset management** amounted to RMB10.751 billion, representing a year-on-year decrease of 6.30%, which was mainly due to the decrease in management fee income of two subsidiaries, namely CMB Wealth Management and China Merchants Fund. **Commission income from custody business** was RMB4.891 billion, representing a year-on-year decrease of 8.20%, mainly due to the decline in the fee rate of mutual fund custody business. **Income from bank card fees** amounted to RMB16.761 billion, representing a year-on-year decrease of 14.16%, mainly due to the decrease in fee income from offline transaction of credit cards. **Income from settlement and clearing fees** amounted to RMB15.505 billion, representing a year-on-year increase of 0.08%.

8 The income from extensive wealth management includes the fee and commission income from wealth management, asset management and custody business.

Looking forward to 2025, the Group will continue to promote the high-quality development of net non-interest income. First, the Group will leverage the systematic advantages of its retail finance sector, focus on customer needs, pay close attention to the opportunities associated with the rebound of the equity market, continue to optimise the structure of wealth management products, as well as grasp the structural opportunities of consumption recovery, strengthen the construction and online operation of payment and settlement scenarios. Secondly, the Group will strengthen the building of operation capacity of its corporate customer base, focus on "five major articles" and new quality productive forces, enhance product innovation, improve the breadth and depth of customer service, and build a leading edge in featured finance. Thirdly, the Group will enhance the professionalism of our investment banking and financial market sectors, strengthen market research and professional capacity building, closely keep up with the needs of enterprises, take advantage of debt market development and make forward-looking arrangements, so as to increase net non-interest income contributed by investment banking and financial markets sector.

3.9.3 Risk management and control in the real estate sector

During the reporting period, the Company followed the national policy guidance and regulatory requirements, and adhered to the overall strategy of "clear positioning, selected regions, focused projects, serious management". Under the premise of controllable risks, the Company further explored structural opportunities that may arise in various regions and focused on high-quality projects to carry out business. Meanwhile, the Company actively participated in the coordination mechanism of urban real estate financing, promoted the coordination mechanism for real estate to expand the scope of "whitelist" and increase its effect to meet the reasonable financing needs of real estate projects, and thereby facilitated the stable and healthy development of the real estate market.

As of the end of the reporting period, the Group's total balance of real estate related businesses which were subject to credit risks, such as the actual and contingent credit, proprietary bond investments, and proprietary investment of non-standardised assets, amounted to RMB374.100 billion, representing a decrease of 6.23% as compared with the end of the previous year. The Group's total balance of businesses which were not subject to credit risks, such as wealth management fund financing, entrusted loans, agency distribution of trust schemes under the active management by cooperative institutions, and debt financing instruments with the Group as the lead underwriter, amounted to RMB222.928 billion, representing a decrease of 10.63% as compared with the end of the previous year. As of the end of the reporting period, the Company's balance of loans granted to the real estate industry was RMB286.365 billion, representing a decrease of RMB4.377 billion as compared with the end of the previous year. It accounted for 4.37% of the Company's total loans and advances to customers, representing a decrease of 0.34 percentage point as compared with the end of the previous year. Over 85% of the Company's balance of loans for real estate development was extended in the urban areas of first-tier and second-tier cities and the regional structure remained sound. As of the end of the reporting period, the Company's non-performing loan ratio of real estate loans was 4.74%, representing a decrease of 0.27 percentage point as compared with the end of the previous year.

Going forward, the Company will firmly uphold the national policy of "strictly controlling new commercial housing developments, optimising existing housing projects, and improving construction quality", closely follow the national policy direction and changes in market situation, fully support the construction of a new model of real estate development, and implement the policy direction of "project-centric approach", continue to implement the expansion of the scope of "whitelist" projects and increase its effect, and extend more loans for "whitelist" projects. At the same time, the Company will continue to reasonably differentiate between the risks of project subsidiaries and those of the Group's holding companies, continuously strengthen centralised risk management and post-investment and post-loan management, and strictly enforce the requirements for the closed management of real estate loans, so as to effectively prevent and control project risks. In accordance with the principles of compliance with laws and regulations, controllable risk and commercial sustainability, the Company will promote the risk resolution and disposal of real estate enterprises, so as to maintain an overall stable quality of real estate assets.

3.9.4 Deposits from customers

As at the end of the reporting period, the balance of customer deposits of the Company amounted to RMB8,778.250 billion, representing an increase of 11.52% as compared with the end of the previous year. The main reasons for the growth in customer deposits were, firstly, the steady growth in operating funds of enterprises thanks to steady and positive economic growth and moderately upbeat corporate expectations; secondly, the steady growth in saving deposits driven by residents' savings demand; and thirdly, in the face of uncertainties of the external environment, the Company continued to promote effective growth in deposits by taking various measures such as strengthening customer-oriented operation, enhancing customer base expansion, reinforcing deposit classification management and cost control. During the reporting period, the Company's average daily balance of core deposits[9] was RMB7,060.282 billion, representing an increase of 6.72% year-on-year; it accounted for 86.24% of the average daily balance of customer deposits, representing a decrease of 0.39 percentage point year-on-year. The average daily balance of demand deposits was RMB4,178.221 billion, representing a decrease of 5.70% year-on-year; it accounted for 51.03% of the average daily balance of customer deposits, representing a decrease of 6.99 percentage points year-on-year, mainly due to the influence of trend of shifting towards time deposits in the whole market, which resulted in depressed growth of demand deposits.

Looking forward to 2025, more proactive fiscal policy and moderately loose monetary policy will continue to take effect, fuelling economic rebound and uplift continuously. The external environment for the growth of deposits among commercial banks is expected to experience marginal improvement, but the trend of shifting towards time deposits is likely to continue. It is expected that the Company will continue to face pressures in both scale growth and cost control. In order to maintain the high-quality growth of deposits, the Company will take the following measures. Firstly, the Company will return to the origin of customers and consolidate the foundation for deposit growth through customer base expansion. Secondly, the Company will further optimise the structure of deposit growth, continue to enhance management and control for high-cost deposits and drive the growth in low-cost deposits to ensure that the proportion of demand deposits and the deposit cost ratio remain at a desirable level throughout the year. Thirdly, the Company will strengthen deposit acquisition with our products and services, and exert more efforts in settlement services, wealth management and product innovation to attract steady low-cost deposits.

3.9.5 Assets allocation

The Company continued to optimise its asset allocation and management strategies, promoted balanced and high-quality development in terms of quality, profitability, scale and structure, and continuously improved its asset origination capabilities to provide high-quality financial services to the real economy, while appropriately increasing the allocation of bond and interbank assets in accordance with the trend of interest rates and changes in market demand. As at the end of the reporting period, the Company's total loans and advances to customers amounted to RMB6,547.720 billion, representing an increase of 6.18% as compared with the end of the previous year, accounting for 57.54% of the total assets of the Company, representing a decrease of 2.23 percentage points as compared with the end of the previous year. Among them, retail loans were RMB3,577.919 billion, representing an increase of 6.06% as compared with the end of the previous year, accounting for 54.64% of the loans and advances to customers of the Company, representing a decrease of 0.07 percentage point as compared with the end of the previous year. The Company navigated market fluctuations to promote the smooth operation of residential mortgage loans and credit card loans, while maintaining its efforts in the granting of high-quality micro-finance loans and consumer loans, which drove the steady growth in retail loans. Corporate loans amounted to RMB2,590.409 billion, representing an increase of 11.58% as compared with the end of the previous year, accounting for 39.56% of the loans and advances to customers of the Company, representing an increase of 1.91 percentage points as compared with the end of the previous year. The Company enhanced the origination of high-quality corporate assets, effectively supported credit demand of enterprises, and further its service and support to the real economy especially in key areas. As at the end of the reporting period, the Company's bond investments amounted to RMB2,878.884 billion, representing an increase of 11.24% as compared with the end of the previous year, accounting for 25.30% of the total assets of the Company, representing an increase of 0.22 percentage point as compared with the end of the previous year.

9 The core deposits represent the internal management indicator for the Company's deposits, excluding large-denomination certificates of deposit, structured deposits and other relatively high-cost deposits.

Looking ahead to 2025, the Company will continue to strengthen its asset origination capacity, promote further structural optimisation of credit assets while steadily increasing the total volume. In terms of retail loans, the Company will secure the dominant position of its retail loan business, closely follow the changes in the real estate and consumer markets, and speed up the resumption of growth in residential mortgage loans and credit card loans, while promoting the steady growth of micro-finance loans and consumer loans in light of changes in risk conditions. In terms of corporate loans, the Company will further strengthen effective asset origination, enhance the level of comprehensive services, and continue to consolidate customer base, while maintaining its efforts of loan extension in key areas such as technology finance, green finance, and inclusive finance, so as to optimise the structure of corporate credit financing and enhance quality and efficiency of services for the real economy. In terms of bond investment and interbank asset allocation, the Company will keep up its effort on forward-looking research and judgement of market dynamics, and continue to optimise the allocation structure of asset after taking into consideration the operation of assets and liabilities.

3.9.6 The formation and disposal of non-performing assets

During the reporting period, the newly formed non-performing loans of the Company amounted to RMB66.704 billion, representing a year-on-year increase of RMB5.707 billion; the formation ratio of non-performing loans was 1.05%, representing a year-on-year increase of 0.02 percentage point. Among them, the amount of newly formed non-performing corporate loans was RMB11.222 billion, representing a year-on-year decrease of RMB1.902 billion. The amount of newly formed non-performing retail loans (excluding credit card loans) was RMB16.107 billion, representing a year-on-year increase of RMB6.944 billion. The amount of newly formed non-performing credit card loans was RMB39.375 billion, representing a year-on-year increase of RMB665 million.

The Company continued to consolidate the basis for implementation of the expected credit loss method, always adhered to value customer selection, optimised the asset portfolio allocation, and ensured adequate risk compensation in key areas. As of the end of the reporting period, the balance of the Company's allowances for impairment losses on loans was RMB259.885 billion, representing a decrease of RMB1.517 billion as compared with the end of the previous year. The allowance coverage ratio was 425.23%, representing a decrease of 31.50 percentage points as compared with the end of the previous year. The allowance-to-loan ratio was 3.97%, representing a decrease of 0.27 percentage point as compared with the end of the previous year. During the reporting period, the credit cost ratio was 0.63%, representing a year-on-year decrease of 0.09 percentage point.

During the reporting period, the Company played an active role in the disposal of non-performing assets, taking various approaches to reduce and dispose of risk assets. During the reporting period, the disposal of non-performing loans by the Company amounted to RMB62.902 billion, of which RMB30.401 billion was written off, RMB22.569 billion was securitised, RMB7.599 billion was recovered by collection, and RMB2.333 billion was disposed of by other means such as repossession, transfer, restructuring, upward migration and remission.

In 2025, the Company will closely track changes in the macro situation, optimise its business and risk control strategies, effectively prevent and resolve risks in key areas, implement strict asset classification, make adequate allowances, strengthen the management of special-mentioned and overdue loans, and actively use various means to increase efforts for the recovery and disposal of non-performing assets, so as to maintain the overall stability of asset quality.

3.9.7 Asset quality in key areas

During the reporting period, the Company continued to strengthen risk control over residential mortgage loans, consumer credit business, micro-finance loans, industries under list-based management and other key areas, and the asset quality was generally within controllable range. In 2025, the Company will actively respond to the changes in the external macro-economic situation and continue to strengthen the investigation, research and judgement on the risk situation in key areas for better risk prevention and control for those areas. For details of the quality of real estate assets, please refer to 3.9.3 "Risk management and control in the real estate sector" in this chapter.

The following table sets out the asset quality of the Company's loans and advances by product type as of the date indicated.

	31 December 2024						
(In millions of RMB, except for percentages)	Balance of loans and advances	Balance of non-performing loans	Non-performing loan ratio (%)	Balance of special-mentioned loans	Percentage of special-mentioned loans (%)	Balance of overdue loans	Percentage of overdue loans (%)
Corporate loans	2,590,409	26,132	1.01	18,562	0.72	24,375	0.94
Discounted bills	379,392	–	–	42	0.01	–	–
Retail loans	3,577,919	34,985	0.98	63,891	1.79	62,291	1.74
Micro-finance loans	823,893	6,538	0.79	4,038	0.49	8,016	0.97
Residential mortgage loans	1,403,755	6,761	0.48	17,933	1.28	11,383	0.81
Consumer credit business	1,343,870	20,673	1.54	41,875	3.12	41,855	3.11
Credit card loans	947,709	16,557	1.75	39,564	4.17	36,663	3.87
Consumer loans	396,161	4,116	1.04	2,311	0.58	5,192	1.31
Others(Note)	6,401	1,013	15.83	45	0.70	1,037	16.20
Total loans and advances to customers	6,547,720	61,117	0.93	82,495	1.26	86,666	1.32

	31 December 2023						
(In millions of RMB, except for percentages)	Balance of loans and advances	Balance of non-performing loans	Non-performing loan ratio (%)	Balance of special-mentioned loans	Percentage of special-mentioned loans (%)	Balance of overdue loans	Percentage of overdue loans (%)
Corporate loans	2,321,585	26,694	1.15	18,071	0.78	25,862	1.11
Discounted bills	471,127	–	–	12	–	–	–
Retail loans	3,373,633	30,539	0.91	48,739	1.44	47,706	1.41
Micro-finance loans	749,773	4,592	0.61	2,648	0.35	5,211	0.70
Residential mortgage loans	1,376,814	5,113	0.37	13,107	0.95	7,466	0.54
Consumer credit business	1,237,315	19,666	1.59	32,912	2.66	33,851	2.74
Credit card loans	935,777	16,381	1.75	31,373	3.35	29,905	3.20
Consumer loans	301,538	3,285	1.09	1,539	0.51	3,946	1.31
Others(Note)	9,731	1,168	12.00	72	0.74	1,178	12.11
Total loans and advances to customers	6,166,345	57,233	0.93	66,822	1.08	73,568	1.19

Note: Primarily consists of commercial housing loans, automobile loans, house decoration loans, education loans and other personal loans secured by monetary assets.

Risk control over residential mortgage loans

The Company actively implemented the national and regional policy requirements, adhered to the implementation of city-specific policy, actively responded to the new situation where the supply-demand relationship in the real estate market changed significantly, and supported the demands of customers who are first-time homebuyers and home upgraders, so as to steadily conduct residential mortgage loan business. During the reporting period, the amount of residential mortgage loans newly granted by the Company in the first-tier and second-tier cities accounted for 91.30% of the total amount of residential mortgage loans newly granted by the Company, representing an increase of 1.05 percentage points year-on-year. The closing balance of residential mortgage loans in the first-tier and second-tier cities accounted for 87.63% of the closing balance of the Company's residential mortgage loans, representing an increase of 0.59 percentage point as compared with the end of the previous year.

As of the end of the reporting period, the non-performing loan ratio of the Company's residential mortgage loans was 0.48%, representing an increase of 0.11 percentage point as compared with the end of the previous year; the special-mentioned loan ratio was 1.28%, representing an increase of 0.33 percentage point as compared with the end of the previous year; and the overdue loan ratio was 0.81%, representing an increase of 0.27 percentage point as compared with the end of the previous year. The Company had always been regularly monitoring and revaluating the value of the existing collaterals so that adjustments to their values have been timely made. As of the end of the reporting period, the weighted average loan-to-value ratio of the Company's residential mortgage loans was 37.15%, representing an increase of 4.22 percentage points as compared with the end of the previous year, and the collaterals were sufficient and stable. Therefore, the overall risk of residential mortgage loans was controllable.

In terms of customer selection, the Company offered priority support to customers who are first-time homebuyers and home upgraders and accelerate the expansion of second-hand home mortgage business, so as to ensure the healthy development of the residential mortgage loan business from the origin. In the future, under the general trend that the government will support the smooth development of the real estate market, the Company will strive to maintain a relatively outstanding level of quality of residential mortgage loan assets in the industry.

Risk control over consumer credit business

The Company insisted on focusing on the acquisition of value customers, further exploring the upgraded consumption scenarios and the comprehensive consumption scenarios of individuals or households encouraged by national policies, optimising regional strategies and customer base operation strategies, developing the consumer credit business in a steady and healthy manner and satisfying the reasonable consumer financing needs of customers. Thanks to the continuous optimisation of the Company's customer base and the asset structure, as well as the application of various risk management strategies, the consumer credit business maintained stable growth while the risk was generally controllable.

As of the end of the reporting period, the non-performing loan amount of the Company's consumer credit business was RMB20.673 billion, representing an increase of RMB1.007 billion as compared with the end of the previous year; the non-performing loan ratio was 1.54%, representing a decrease of 0.05 percentage point as compared with the end of the previous year; the special-mentioned loan ratio was 3.12%, representing an increase of 0.46 percentage point as compared with the end of the previous year; and the overdue loan ratio was 3.11%, representing an increase of 0.37 percentage point as compared with the end of the previous year.

In the future, the Company will continue to improve the refined risk management and control strategy for consumer credit business. In terms of customer selection, the Company will continue to optimise its customer base and asset structure, rigorously review the credit risk profile of its customers, focus on customers with good credit record and stable income source, provide credit finance properly and keep alert to any risks of joint debts. In terms of post-loan management, the Company will upgrade and iterate its models to improve the accuracy of risk identification and risk control of its customer base. At the same time, leveraging big data quantitative risk control technology, the Company will closely monitor any changes in the risk profile of its customer base, make risk pre-warning in a timely manner, actively dispose of non-performing assets, and strive to maintain a relatively outstanding level of quality of consumer credit business assets in the industry.

Risk control over micro-finance loan business

The Company adhered to the implementation of the national strategy of vigorously supporting the development of small- and micro-sized enterprises, accelerated the pace of retail micro-finance asset origination and loan extension, promoted the high-quality development of micro-finance loan business, while leveraging Fintech to explore product and service innovation, so as to further improve the quality and efficiency of financial services for small- and micro-sized customers.

As of the end of the reporting period, the non-performing loan ratio of the Company's retail micro-finance loans was 0.79%, representing an increase of 0.18 percentage point as compared with the end of the previous year; the special-mentioned loan ratio was 0.49%, representing an increase of 0.14 percentage point as compared with the end of the previous year; and the overdue loan ratio was 0.97%, representing an increase of 0.27 percentage point as compared with the end of the previous year.

In the future, the Company will continue to guard the risk bottom line, pay close attention to changes in the market situation, and improve the capabilities to analyse and judge the risk situation. Besides developing featured products based on regional specialty, the Company will continuously strengthen its quantitative risk control capabilities, improve the quantitative risk control system in response to changes in the risks of small- and micro-sized customers, increase the risk monitoring data dimensions, identify the risks earlier, give warnings earlier, expose the risks earlier and dispose of risks earlier, so as to maintain a relatively outstanding level of quality of retail micro-finance loan assets in the industry.

Risk control over industries under list-based management[10]

During the reporting period, the Company implemented differentiated management for customers in the 14 industries under list-based management which have leading enterprises enjoying high market share and are significantly affected by supply-side structural reforms or the "carbon peak and carbon neutrality" policies.

As of the end of the reporting period, the Company's full-calibre business financing exposure in industries under list-based management was RMB222.217 billion, representing an increase of RMB30.193 billion as compared with the beginning of the year, mainly extended to strategic customers of the Head Office level and branch level and "whitelist" customers. The non-performing loan ratio of the industries under list-based management was 0.49%, representing a decrease of 0.11 percentage point as compared with the beginning of the year. Affected by the continuous decline in the business scale of segmented industries and the risk exposure of individual customers with existing risks, the non-performing loan ratio of the industries such as metal ore mining and processing, chemical fibre and synthetic material manufacturing increased as compared with the beginning of the year, while the non-performing loan ratios of other industries remained at the same level or decreased as compared with the beginning of the year.

In view of the fact that the Company's basic customer groups of the industries under list-based management are mainly "whitelist" customers and strategic customers of the Head Office level and branch level, which have certain industry competitive advantages and relatively strong capabilities to resist external risks, it is expected that the risks in this field are generally controllable. In the future, the Company will dynamically adjust credit policies in relevant fields according to national industrial policies, financial regulatory policies and market condition.

3.9.8 Capital management

The Rules on Capital Management of Commercial Banks (hereinafter referred to as the "New Capital Rules") took effect on 1 January 2024. Under the New Capital Rules, the capital occupation of the credit business will decrease in general, and the capital occupation of the financial markets business will increase slightly. During the reporting period, the Company comprehensively upgraded its internal capital management system, continuously optimised and adjusted its business structure and operating strategies, and strengthened capital management under the guidance of the New Capital Rules. The Company's capital adequacy ratio at all levels, leverage ratio and other operating indicators were maintained at a relatively high level, which met various capital requirements and additional regulatory requirements of the regulatory authorities of the finance industry during the reporting period with sufficient capital buffer. As of the end of the reporting period, the ratio of risk-weighted assets to total assets of the Company under the Advanced Measurement Approach was 54.15%. During the reporting period, the risk-adjusted return on capital (RAROC, before tax) under the Advanced Measurement Approach of the Company was 25.84%, significantly higher than the cost of capital.

The Company continuously advances the innovation and development of asset securitisation business and continuously enriches capital management tools. During the reporting period, the Company issued 9 asset securitisation projects through the inter-bank market with a total scale of RMB2.134 billion. The underlying assets were non-performing loans.

In the future, the Company will continue to optimise the capital allocation strategies, strengthen the asset-liability portfolio management, continue to enhance the concept of refined capital management, improve the capital return management mechanism, improve the efficiency of capital use, promote the dynamically balanced development of "Quality, Profitability and Scale", constantly enhance the capability of endogenous growth of capital and make comprehensive plan of the use of various capital instruments and raise capital in numerous channels and methods to ensure the steady operation of the capital adequacy ratio.

[10] As of the end of 2024, the industries under list-based management include 14 industries such as coal, coal trade, steel, steel trade, non-ferrous metals, metal ore mining and processing, flat glass, basic chemical, coal chemical, synthetic material manufacturing, chemical fibre, financial leasing, commercial leasing and photovoltaic manufacturing. The statistical calibre has been changed, and the figures at the beginning of the year have been retrospectively adjusted in accordance with the same statistical calibre.

3.10 Business Operation

3.10.1 Retail finance business

Business overview

During the reporting period, the profit before tax from the retail finance business of the Company amounted to RMB87.990 billion, representing a year-on-year decrease of 9.56%. The net operating income from the retail finance business amounted to RMB192.445 billion, representing a year-on-year increase of 1.21% and accounting for 63.09% of the net operating income of the Company. The net interest income from the retail finance business amounted to RMB145.318 billion, representing a year-on-year increase of 8.64% and accounting for 75.51% of the net operating income from retail finance; the net non-interest income from the retail finance business amounted to RMB47.127 billion, representing a year-on-year decrease of 16.41%, accounting for 24.49% of the net operating income from retail finance and 47.36% of the net non-interest income of the Company. During the reporting period, the fee and commission income from retail wealth management business of the Company was RMB20.190 billion, representing a year-on-year decrease of 25.24% and accounting for 43.96% of the net fee and commission income from retail finance; the Company recorded a fee income of RMB16.634 billion from retail bank card business, representing a year-on-year decrease of 14.23%.

During the reporting period, by adhering to its core value of "being customer-centric and creating value for customers", the Company focused on customers' need in "deposit, loan, and remittance", took innovations in products, businesses and models, continued to consolidate its systematic strengths in retail finance to provide customers with comprehensive retail finance services. During the reporting period, the retail business of the Company maintained a good momentum of development.

Retail customers and total assets under management for retail customers

During the reporting period, the Company always started from the needs of customers, focused on value creation and persistently enhanced financial service experience and quality. On one hand, the Company strengthened customer acquisition. The Company proactively promoted the strategic deployment in key regions, tapped growth potential of the customer group and continuously strengthened its ability to expand group finance service. On the other hand, the Company deepened customer service. The Company looked back to the origin of customer demand, optimised product offerings, improved the asset allocation service system, and continued to push forward the digital and intelligent transformation of customer service. During the reporting period, the number of retail customers and the balance of the total assets under management (AUM) from retail customers of the Company maintained stable growth.

As of the end of the reporting period, the Company had 210 million retail customers (including debit and credit card customers), representing an increase of 6.60% as compared with the end of the previous year, among which the number of customers in the level of Golden Sunflower and above (those with minimum daily average total assets of RMB500,000 for each month) reached 5,235,700, representing an increase of 12.82% as compared with the end of the previous year.

As of the end of the reporting period, the balance of total assets under management (AUM) for retail customers of the Company amounted to RMB14,926.714 billion, representing an increase of 12.05% as compared with the end of the previous year. Among them, the balance of total assets under management for the customers in the level of Golden Sunflower and above amounted to RMB12,224.309 billion, representing an increase of 12.98% as compared with the end of the previous year. As of the end of the reporting period, the balance of deposits from retail customers of the Company amounted to RMB3,825.802 billion, representing an increase of 15.43% as compared with the end of the previous year. During the reporting period, 49.59% of the daily average balance of deposits from retail customers of the Company was demand deposits.

Wealth management

As of the end of the reporting period, the Company's balance of retail wealth management products amounted to RMB3,932.980 billion, representing an increase of 12.38% as compared with the end of the previous year. The increase was mainly due to the fact that the Company seized the market opportunities, increased the allocation of stable products and laid out diversified strategies based on customers' wealth management needs, meanwhile the scale of wealth management products continued to grow. During the reporting period, the agency distribution of non-money-market mutual funds of the Company totalled RMB598.021 billion, representing an increase of 101.48% year-on-year. The increase was mainly due to changes in customer risk appetite and the sales of more stable bond fund rose significantly as compared with the corresponding period of the previous year. During the reporting period, the Company achieved the agency distribution of insurance premiums of RMB117.225 billion, representing an increase of 21.07% year-on-year. The increase was mainly due to the fact that the Company further grasped the long-term stable asset allocation needs of customers against the backdrop of continuous decline in risk-free interest rates. During the reporting period, the Company recorded RMB87.922 billion in agency distribution of trust schemes, representing an increase of 3.87% as compared with the corresponding period of the previous year, which was mainly due to the Company's increased supply of low volatility stable products.

During the reporting period, the Company recorded a fee and commission income from retail wealth management business of RMB20.190 billion. Among them, income from agency distribution of wealth management products amounted to RMB7.516 billion. Income from agency distribution of insurance policies amounted to RMB5.800 billion. Income from agency distribution of funds amounted to RMB4.440 billion. Income from agency distribution of trust schemes amounted to RMB2.109 billion. Other income amounted to RMB325 million. For details of the reasons of changes in fee and commission income from wealth management business, please refer to 3.9.2 "Net non-interest income" in this chapter.

During the reporting period, starting from customers' needs, the Company focused on value creation, iterated its professional service capabilities, strengthened product innovation and promoted the construction of an omni-channel service system, helping customers achieve asset preservation and appreciation.

First, the Company continued to strengthen its full-spectrum professional service capability and increase the number of customers holding our wealth management products. Through keen insights into customers' needs, the Company has enhanced its omni-channel, whole-journey and all-product service experience, helping more customers to shift from simple to complex product allocations and expanding the scale of customers holding our wealth management products. As of the end of the reporting period, the Company had 58,216,200 customers holding our wealth management products, representing an increase of 13.31% as compared with the end of the previous year.

Second, the Company provided customers with diversified product offerings in response to changes in customers' risk appetite. In terms of wealth management, based on the principle of "stability", the Company provided products with clear risk-return characteristics, clear positioning and prudent style adherence. In terms of funds, the Company provided customers with a wider range of product choices having high success-rate strategies and multi-strategy framework. In terms of insurance, the Company has been actively laying out various types of commercial insurance annuities to satisfy customers' needs for retirement reserves. In the next phase, the Company will continue to optimise the business scale structure, balance between "volume" and "value", and enhance the comprehensive contribution of the wealth management business, while upgrading its professional capabilities, actively capturing new opportunities in the market and business development, and further improving the quality and efficiency of its business.

Third, the Company constantly promoted the "CMB TREE Asset Allocation Service System". As for services, the Company upgraded its asset allocation methodology, expanded the spectrum of allocable assets, and utilised the value-creating power of diversified asset allocation. In terms of products, the Company created the "TREE Long Earnings Plan" FOF[11] product, a customised mutual FOF product based on the logic of asset allocation, providing a one-stop asset allocation solution for customers with different risk appetite. As of the end of the reporting period, the Company had 10,375,600 customers who conducted asset allocation under such system, representing an increase of 13.84% as compared with the end of the previous year.

Fourth, the Company worked with partners to build a wealth management ecosystem to enhance comprehensive wealth management service capabilities. The Company constantly optimised the service capabilities of "Zhao Cai Hao (招財號)", an open platform of wealth management business on CMB APP, expanded the scope of its partners and upgraded "Zhao Cai Hao (招財號)" into an active multi-participant ecosystem comprising "funds, wealth management and insurance institutions". As of the end of the reporting period, "Zhao Cai Hao (招財號)" on CMB APP has hosted in total 159 institutions with industry representativeness.

[11] FOF refers to funds holding other funds as underlying investment.

Private banking

As of the end of the reporting period, the Company had 169,100 private banking customers (retail customers of the Company with minimum total daily average assets of RMB10 million per month), representing an increase of 13.61% as compared with the end of the previous year.

During the reporting period, the Company strengthened its professional leadership and coordination between corporate banking business and private banking business, built an efficient integrated service matrix by enhancing its capabilities in terms of investment research and asset allocation, and continuously improved and upgraded the comprehensive service system of "individual, family, enterprise and society"[12].

Firstly, the Company strengthened asset allocation in response to changes in market. By focusing on customers' core demands for stable and safe products and responding to their current risk appetite and changes thereof, the Company provided differentiated asset allocation strategies and reinforced the utilisation of all products, including fixed-income, conservative, and equity-based products. In a volatile market environment, underpinned by professional investment research, the Company deepened asset review and engagement with customers to safeguard their investments.

Secondly, the Company upgraded online operations and enhanced service experience. The Company iterated Premium Version of CMB APP and optimised the online allocation process of wealth management products to provide more user-friendly experience throughout the service journey. Through upgrading the one-stop smart service platform, the Company could help relationship managers collect and sort out customers' investment and financing needs, and empower advisory asset allocation services, thereby improving customer service efficiency.

Thirdly, the Company fulfilled its social responsibility and promoted wealth for common good. Adhering to the mission of serving the real economy, the Company managed to meet the comprehensive needs of its entrepreneurial clients by leveraging the synergy with corporate banking businesses such as investment banking and asset management. By enriching the variety of family trust, and exploring innovative services such as equity trust and charitable trust, the Company empowered its customers to create social value.

Fourthly, the Company adhered to the bottom line of compliance to ensure sound operation. The Company focused on suitability management, continuously improved risk matching between customers and products, strengthened the whole-process compliance sales by optimising risk assessment system, standardising marketing activities and improving inspection mechanism, and intensified consumer rights protection, so as to ensure the sound operation of the business.

Credit cards

As of the end of the reporting period, the Company had issued an aggregate of 96.8590 million active credit cards, and there were 69.4409 million active credit card users. During the reporting period, the credit card transactions of the Company amounted to RMB4,418.559 billion, representing a decrease of 8.23% as compared with the corresponding period of the previous year. Interest income from credit cards amounted to RMB64.356 billion, representing an increase of 1.32% as compared with the corresponding period of the previous year. Non-interest income from credit cards amounted to RMB24.152 billion, representing a decrease of 11.30% as compared with the corresponding period of the previous year. For details of the scale and quality of the credit card loans of the Company, please refer to 3.9.7 "Asset quality in key areas" in this chapter.

In terms of risk management, the Company steadfastly pushed forward its operation strategy focusing on "stability and low volatility", continued to optimise its customer structure and promoted asset portfolio optimisation, so as to withstand the risk pressures in the context of economic cycles by leveraging a reasonable asset portfolio. Meanwhile, the Company tapped into the construction of digital capabilities to improve operational quality and efficiency, enhancing the post-loan risk management. During the reporting period, the quality of credit card assets remained stable. As of the end of the reporting period, the balance of non-performing credit card loans was RMB16.557 billion, with a non-performing loan ratio of 1.75%, remaining at the same level as compared with the end of the previous year. In view of the current complicated external environment, the Company will closely monitor market trends, adhere to the value-oriented customer acquisition approach, prudently deploy risk strategies, continuously improve asset quality, thereby promoting the steady development of its credit card business.

[12] The term "individual, family, enterprise and society" specifically refers to the needs of individuals, families, enterprises and the society.

In terms of business development, the Company adhered to the value-oriented and innovation-driven approach to promote service and product upgrades. Firstly, the Company continued to promote high-quality customer acquisition strategies, continuously upgraded its credit card product offerings and card-using experience. The Company launched the first batch of one-chip dual-application MasterCard to meet customers' card-using needs at home and abroad, and developed high-quality consumption scenarios by rolling out the first Starbucks co-branded credit card in the Chinese market. Secondly, the Company took multiple measures to boost consumption growth. The Company captured opportunities from holidays and e-commerce promotions, created a series of themed marketing campaigns such as "Summer Travel (暑期出遊)", "Winter Travel (冬季出遊)", and "Extraordinary Overseas Tours (非常境外遊)", and carried out the activities such as "Cashback for Mobile Payment (手機支付筆筆返現)", to help unleash consumption potential. Thirdly, the Company strengthened its asset origination capabilities, continuously promoted the development of instalment asset business by enhancing the refined operation capabilities such as bill instalment and consumption instalment, and grasped the development trend of new energy vehicles. In terms of online approaches, the Company optimised product handling process, expanded channels and improved the ability to incentivise customers. In terms of offline approaches, the Company continued to diversify marketing activities to improve the quality and efficiency of customer services. Fourthly, the Company deepened the application of Fintech, improved the quality and efficiency of its business through model innovation, empowered its employees with AI technology, further uplifting operational efficiency and customer experience. In addition, the Company has further deepened the operation of the CMB Life APP. For details of the CMB Life APP, please refer to 3.10.3 "Distribution channel" in this chapter.

Retail loans

As of the end of the reporting period, the balance of retail loans of the Company amounted to RMB3,577.919 billion, representing an increase of 6.06% as compared with the end of the previous year and accounting for 54.64% of the Company's total loans and advances to customers, down by 0.07 percentage point as compared with the end of the previous year. Among them, the balance of the Company's retail loans (excluding credit card loans) reached RMB2,630.210 billion, representing an increase of 7.89% as compared with the end of the previous year, accounting for 40.17% of total loans and advances to customers of the Company and representing an increase of 0.64 percentage point as compared with the end of the previous year.

In terms of risk management, the Company kept intensifying its risk management and control capabilities. First, the Company strengthened the monitoring and prediction of market risk situations, and adjusted its risk management and control strategies in a timely manner in line with changes in market conditions; second, the Company prioritised the business development in areas with better economic development and market potential, while adhering to the selection of high-quality customer groups and preference for customers with good credit records and stable repayment sources as the main business targets and selecting premium property development projects in core regions as collaterals; third, the Company continued to strengthen its big data quantitative risk control capabilities and enhance the digital level of risk management leveraging Fintech, actively expanded access to data sources, continuously enriched data tags, rapidly iterated the strategic model, and deepened the application of quantitative risk control tools in the whole process of pre-lending, lending and post-lending so as to accurately identify and control risks. Fourth, the Company endeavoured to improve the quality and efficiency of asset risk mitigation by adopting diversified risk mitigation methods during the post-lending process. Due to the impact of external risk situation, the balance of retail special-mentioned loans, special-mentioned loan ratio, the balance of non-performing loans and non-performing loan ratio of the Company have increased. As of the end of the reporting period, the balance of the Company's retail special-mentioned loans (excluding credit card loans) amounted to RMB24.327 billion, with the special-mentioned loan ratio being 0.92%, representing an increase of 0.21 percentage point as compared with the end of the previous year. The balance of the Company's non-performing retail loans (excluding credit card loans) amounted to RMB18.428 billion, with the non-performing loan ratio of 0.70%, representing an increase of 0.12 percentage point as compared with the end of the previous year.

In terms of business development, during the reporting period, the Company proactively adapted to the changes in the supply and demand relationship in the real estate market, implemented various policies to promote the stable and healthy development of the real estate market, adhered to the implementation of city-specific policy, continued to focus on meeting demands of first-time home buyers and diversified housing demands for improvement of home upgraders, and accelerated the promotion of second-hand housing business, thus achieving stable and healthy development of the residential mortgage loan business. Furthermore, while maintaining proper risk control management, the Company proactively adjusted its business structure and increased its efforts in the granting of micro-finance loans and consumer loans. With respect to micro-finance loans, the Company strictly implemented various regulatory requirements, enriched its product portfolio and strengthened its product innovation to meet the diversified needs of micro-finance loan customers and reduce financing costs of micro-finance loan customers, and expanded the coverage of micro-finance loan customers, so as to constantly improve the quality and efficiency of micro-finance services. With respect to the consumer loan business, the Company insisted on selecting high-quality customer groups and increased the loans extended to high-quality customers with good credit standing. At the same time, the Company continued to improve its big data risk control capabilities, carried out segmentation and classification-based management of customer groups with different needs, stroke a balance between returns and risks, and reduced operating costs. As of the end of the reporting period, the Company recorded a balance of residential mortgage loans of RMB1,403.755 billion, representing an increase of 1.96% as compared with the end of the previous year. The balance of retail micro-finance loans amounted to RMB823.893 billion, representing an increase of 9.89% as compared with the end of the previous year. The balance of consumer loans amounted to RMB396.161 billion, up by 31.38% as compared with the end of the previous year. During the reporting period, the number of retail loan (excluding credit card loans) customers of the Company increased by 8.7291 million, representing a year-on-year increase of 10.78%. The expansion of customer base was mainly attributable to the light-model acquisition of customers through online platform.

3.10.2 Wholesale finance

Business overview

During the reporting period, the Company achieved profit before tax from wholesale finance business of RMB83.910 billion, representing an increase of 20.48% as compared with the corresponding period of the previous year. The net operating income from wholesale finance business of the Company was RMB119.114 billion, representing a decrease of 0.31% as compared with the corresponding period of the previous year, and accounting for 39.05% of the net operating income of the Company. Among them, net interest income of wholesale finance business amounted to RMB69.778 billion, representing a decrease of 13.92% as compared with the corresponding period of the previous year, and accounting for 58.58% of the net operating income of wholesale finance business; the net non-interest income of wholesale finance business amounted to RMB49.336 billion, representing an increase of 28.40% as compared with the corresponding period of the previous year, and accounting for 41.42% of the net operating income of wholesale finance business, and 49.57% of the net non-interest income of the Company.

During the reporting period, the Company firmly practised the strategy of "building a value creation bank", and proactively integrated into the establishment of a modern industrial system of the country. The Company focused on "five major articles" in finance, accelerated the development of its advantages of featured finance, and promoted the optimisation and adjustment of the customer structure and business structure of wholesale finance, so as to constantly enhance the quality and efficiency of serving the real economy and play a vital role in building a financial powerhouse.

The Company has always been dedicated to meeting customers' needs, and continuously provided multi-dimensional, all-round and multi-level financing support to corporate clients by focusing on the direct and indirect financing markets. As of the end of the reporting period, the Company's balance of the financing products aggregate to corporate customers (FPA) was RMB6,223.199 billion[13], representing an increase of RMB652.525 billion over the beginning of the year. Among them, the balance of traditional financing[14] was RMB3,590.764 billion, representing an increase of RMB387.870 billion over the beginning of the year; the balance of non-traditional financing[15] was RMB2,632.435 billion, representing an increase of RMB264.655 billion over the beginning of the year. The balance of non-traditional financing accounted for 42.30% of the balance of FPA, representing a decrease of 0.20 percentage point over the beginning of the year, which was mainly due to the relatively rapid growth of traditional financing, resulting in the increase of its proportion in FPA.

Wholesale customers

The Company has established a corporate customer service system with segmentation and classification-based management for strategic customers, institutional customers, financial institution customers, cross-border customers and basic customers. During the reporting period, the Company kept on focusing on the industry-specialised operation for strategic customers of the Head Office level and branch level, and in-depth operations of existing customers, while optimising high-quality corporate customer acquisition model by focusing on the directions of industrial upgrade. Accordingly, both the quantity and quality of wholesale customers have been improved. The total number of corporate customers of the Company was 3,166,400, representing an increase of 12.26% as compared with the end of the previous year. The number of newly acquired corporate customers during the reporting period was 539,200.

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13 Since the scope of general corporate loans included in FPA was adjusted in this period, the same-calibre adjustment was made to the data at the beginning of the period, with the opening balance of the adjusted FPA of RMB5,570.674 billion, of which the amount of traditional financing totalled RMB3,202.894 billion and the amount of non-traditional financing totalled RMB2,367.780 billion.

14 Traditional financing comprises general corporate loans and commercial bills discounting (including transfer-out of outstanding bills), acceptance, letters of credit, financial guarantees and non-financial guarantees.

15 The eight compositions of non-traditional financing include: asset operation, proprietary non-standardised corporate investments, financing wealth management, debt financing instruments with the Company as the lead underwriter, matching transactions, financial leasing, cross-border coordination financing and arranging syndicated loans.

In terms of its strategic customers, the Company optimised and upgraded its strategic customer service model by enhancing industry understanding, constantly improving capability of the industry-specialised service for strategic customers, and deepening operations with a focus on strategic customers as well as industry chain and investment chain, so as to promote the construction of industry-specialised financial service system. As of the end of the reporting period, the Company had 321 strategic customers of the Head Office level[16], with a daily average balance of deposits of RMB1,067.378 billion, representing a decrease of 0.35% year-on-year, and the balance of loans was RMB1,216.039 billion, representing an increase of 8.72% as compared with the end of the previous year. As of the end of the reporting period, the number of strategic customers of the Company of the branch level[17] was 7,011. The daily average balance of deposits was RMB891.378 billion, representing an increase of 6.06% on the same calibre as compared with the previous year, and the balance of loans was RMB413.024 billion, representing an increase of 3.72% as compared with the beginning of the year.

With regard to its institutional customers, the Company continued to solidify its operating foundation with key customer from sectors such as finance, housing and construction, and tobacco, while actively expanding its reach to potential customers and steadily advancing specialised services for target customers. In terms of serving national government institutions, the Company focused on creating a new benchmark for specialised, featured, digital and differentiated services by centring on policy insight, qualification acquisition, platform access and data application. During the reporting period, the Company successfully secured the qualification to act as an agent for the centralised payment of the central treasury with outstanding performance. It was also the first in the industry to integrate with the China Healthcare Security (national health insurance APP), launching the function for cross-regional medical treatment registration. In terms of serving local government institutions, the Company continued to focus on intellectual, financing and technology supports, continuously iterated solutions, and boasted market recognition with its comprehensive service capabilities. As of the end of the reporting period, the Company had 64,000 institutional customers[18], representing an increase of 9.59% as compared with the beginning of the year, with an average daily RMB deposit balance of RMB916.746 billion, representing an increase of 11.79% on the same calibre as compared with the previous year.

With regard to its financial institution customers, the Company returned to its original aspiration for customer operation and constantly improved its segmentation and classification-based operation system for financial institution customers. The Company focused on serving the top-tiered financial institution group customers, promoting the operation of top-tiered customers and industries, enhancing its capabilities of the industry-specialised service and intensive operation efficiency, so as to facilitate the comprehensive and in-depth cooperation with its customers. At the same time, the Company closely collaborated with policy banks to continuously enhance the coverage of funds from sub-loans for manufacturing and technology-based inclusive small- and micro-sized enterprises in pilot areas, thus benefiting more small- and micro-sized enterprises.

With regard to its cross-border customers, the Company seized market opportunities arising from the adjustment to import and export structures and the global operation of Chinese enterprises, continued to consolidate the customer base of cross-border finance, enhanced differentiated product service capabilities, and created distinctive advantages in cross-border finance. During the reporting period, the Company had 87,947 corporate customers in respect of international balance of payments, representing a year-on-year increase of 16.33%.

With regard to basic customers, the Company continued to upgrade service model. Based on the big data model, the Company enriched customer profiles and identified customers' operation potentials, and rationally allocated channels and human resources to implement the client journey service strategies, and continuously improve the efficacy of basic customer operations and services, forming a virtuous cycle of upgrade and tiered growth of basic customers. During the reporting period, the Company served 62.3166 million times for corporate customers through various online channels, representing a year-on-year increase of 68.15%. During the reporting period, the Company had 1,348,500 corporate customers[19] for withholding transactions, representing an increase of 12.44% on the same calibre as compared with the previous year. The transaction amount was RMB2.28 trillion, representing an increase of 5.32% on the same calibre as compared with the previous year.

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16 The number of strategic customers of the Head Office level refers to the number of strategic customer groups at the Head Office level served by the Company.

17 The number of strategic customers of the branch level refers to the corporate legal entity number of strategic customers of the branch level served by the Company. There was an adjustment to the list of strategic customers of the branch level in 2024, and the same-calibre adjustment was made to the 2023 data.

18 The institutional customer classification list for 2024 has been adjusted, and the same-calibre adjustment was made to the 2023 data.

19 The statistical calibre of the number and transaction amount of corporate customers for withholding transactions has been adjusted in 2024, excluding the data for financial institution customers.

Corporate customer deposits

During the reporting period, the Company strengthened its macro-market research, continued to pay attention to changes in the market liquidity, enhanced the fund origination from transaction and settlement based on the enterprise's operation scenarios, took advantage of the business opportunities arising from capital diversion in the key sectors of the capital market, and proactively expanded low-cost and high-quality deposits. As of the end of the reporting period, corporate customer deposit balance was RMB4,952.448 billion, representing an increase of 8.67% as compared with the end of the previous year. The average daily balance of corporate customers' deposits was RMB4,666.534 billion, representing a year-on-year increase of 2.95%. Demand deposits accounted for 52.13% of the average daily balance of corporate customers' deposits, representing a year-on-year decrease of 5.79 percentage points. During the reporting period, the average cost rate of corporate customer deposits was 1.58%, representing a year-on-year decrease of 17 basis points.

Corporate loans

As of the end of the reporting period, the Company's total corporate loans amounted to RMB2,590.409 billion, representing an increase of 11.58% as compared with the end of the previous year, accounting for 39.56% of the Company's total loans and advances and representing an increase of 1.91 percentage points as compared with the end of the previous year. Among them, the balance of medium- and long-term domestic corporate loans amounted to RMB1,522.486 billion, representing an increase of 6.79% as compared with the end of the previous year, accounting for 60.90% of the total domestic corporate loans and representing a decrease of 2.86 percentage points as compared with the end of the previous year. As of the end of the reporting period, the non-performing loan ratio of the corporate loans was 1.01%, representing a decrease of 0.14 percentage point as compared with the end of the previous year.

As of the end of the reporting period, the balance of loans to domestic national-standard large enterprises was RMB1,109.220 billion, representing an increase of 8.54% as compared with the end of the previous year, accounting for 44.36% of the domestic corporate loans, and representing a decrease of 1.34 percentage points as compared with the end of the previous year. The balance of loans to domestic national-standard medium-sized enterprises was RMB573.786 billion, representing a decrease of 0.92% as compared with the end of the previous year, accounting for 22.95% of the domestic corporate loans and representing a decrease of 2.95 percentage points as compared with the end of the previous year. The balance of domestic national-standard small- and micro-sized enterprise loans was RMB622.958 billion, representing an increase of 28.54% as compared with the end of the previous year, accounting for 24.92% of the domestic corporate loans and representing an increase of 3.25 percentage points as compared with the end of the previous year. The balance of other domestic loans to enterprises[20] was RMB194.137 billion, representing an increase of 29.05% as compared with the end of the previous year, accounting for 7.77% of the domestic corporate loans and representing an increase of 1.04 percentage points as compared with the end of the previous year.

During the reporting period, in close alignment with the national macro-economic policies, the Company promoted its loan extension with a focus on key sectors such as technology finance, green finance and inclusive finance, while advancing the development of real estate loans in a stable and orderly manner. As of the end of the reporting period, the balance of the corporate loans extended to the manufacturing industry was RMB641.476 billion, representing an increase of RMB86.374 billion as compared with the end of the previous year, accounting for 24.76% of the total corporate loans, and representing an increase of 0.85 percentage point as compared with the end of the previous year. The balance of green loans was RMB488.200 billion, representing an increase of RMB40.435 billion as compared with the end of the previous year, accounting for 18.85% of the total corporate loans, and representing a decrease of 0.44 percentage point as compared with the end of the previous year. The balance of loans to strategic emerging industries was RMB371.556 billion, representing a decrease of RMB3.541 billion as compared with the end of the previous year, accounting for 14.34% of the total corporate loans, and representing a decrease of 1.82 percentage points as compared with the end of the previous year. For loans in key areas such as real estate, please refer to Chapter 3.9.3. For the details of green finance business, please refer to Chapter 4.2.3.

20 Such loans include loans made by domestic institutions to overseas and offshore customers, domestic non-enterprise customers and self-employed businesses.

Technology finance business

The Company has advanced the development of technology finance business with "systematisation, specialisation and ecologicalisation" as the core. The Company established a "1+20+100" technology finance organisational structure[21], with an aim to continuously deepen the "six specialised" work mechanism to serve technology finance covering specialised teams, products, policies, institutions, assessments and processes. The Company iterated and optimised the "Sci-tech Loan (科創貸)", a financing product exclusively designed for sci-tech enterprises, and achieved innovative breakthroughs in terms of the "people + digital intelligence" loan review model with the support from AI large models. The Company furthered channel cooperation and released the "Qian Ying Zhan Yi 2.0 Financial Empowerment Plan (千鷹展翼2.0金融賦能計劃)" together with the China Innovation & Entrepreneurship Competition. As of the end of the reporting period, the number of sci-tech enterprise[22] customers of the Company reached 162,500, representing an increase of 18.71% as compared with the beginning of the year; and the balance of loans extended to sci-tech enterprises amounted to RMB590.456 billion, representing an increase of 9.73% as compared with the beginning of the year.

Inclusive finance business

During the reporting period, focusing on the country's strategic direction, the needs of enterprises and the service capabilities of China Merchants Bank, the Company made every effort to integrate the inclusive financial services into its long-term development strategy and operation and management, thereby continuously enhancing the quality and efficiency of serving the real economy. As of the end of the reporting period, the balance of loans granted by the Company to inclusive small- and micro-sized enterprises amounted to RMB887.679 billion, representing an increase of RMB83.400 billion or 10.37% as compared with the end of the previous year, which was 4.19 percentage points higher than the overall loan growth rate of the Company. The number of inclusive small- and micro-sized enterprises with loan balance was 1,077,300, representing an increase of 72,800 as compared with the end of the previous year. During the reporting period, the Company has newly issued inclusive loans of RMB622.533 billion for inclusive small- and micro-sized enterprises, with an average interest rate of 4.22%, down by 26 basis points year-on-year.

With regard to its supply chain and scenario-based finance, the Company leveraged its advantage of "One Entire Bank for One Customer". On the basis of "expanding coverage, increasing volume and stabilising price", the Company continuously iterated supply chain financial products such as "CMB Chain Easy Loan (招鏈易貸)" and "Distribution Easy Loan (經銷易貸)", which facilitated to create a number of benchmark projects. The scenario-based data risk control capabilities, data accumulation and governance capabilities have been further strengthened, effectively improving product operation efficiency and customer experience, with service covering energy, consumer electronics, pharmaceutical, communications, large consumption and other industries. During the reporting period, the business volume of the Company's supply chain financing amounted to RMB1,014.712 billion, representing a year-on-year increase of 23.94%. The Company served 8,613 core enterprises of the supply chain, representing a year-on-year increase of 31.38%, and served 50,941 upstream and downstream entities, representing a year-on-year increase of 29.00%.

Retirement finance business

During the reporting period, with the goal of establishing itself as the best professional elderly care financial service organisation in China, the Company continued to deepen its business presence in the three major areas of pension finance, elderly care service finance and elderly care industry finance. It built four-in-one innovative advantage by integrating "products + services + channels + technology". In terms of elderly care service finance, focusing on the elderly care service needs of consumer clients, based on a financial perspective, the Company developed an "all-round" and "full-cycle" elderly care service solution and built an integrated elderly care service system. In terms of elderly care industry finance, the Company rendered adaptive corporate financial products and services for different business models of the elderly care industry, and effectively increased the financial supply of the silver economy. In terms of pension finance, centring on policies such as "silver economy", "expanding coverage of annuities" and "full implementation of private pension system", the Company leveraged the advantages of full-licensed operations to deepen and expand financial services for the three-pillar pension insurance system.

In terms of the first pillar, the Company offered convenient online services for over 16 million insured persons, such as social security inquiry and service handling during the reporting period, and supported "nearby service (就近辦)" and "on-line service (掌上辦)" for social security. The Company has issued a total of 77,065,600 electronic social security cards, representing an increase of 23.14% as compared with the end of the previous year.

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21 Refers to the organisational structure comprising 1 technology finance committee, 20 key technology finance branches, and 100 specialised technology finance sub-branches.

22 Starting from 2024, the statistics of sci-tech enterprise customers and loans are based on the standards of the National Financial Regulatory Administration.

In terms of the second pillar, the Company leveraged its advantages of multiple licenses, including entrustment, custody and account management, to provide high-quality services to occupational annuity agents and corporate annuity trustees. It continued to build an annuity service system in accordance with the requirements of being a trustee characterised by "managing returns effectively", "controlling risks well" and "delivering excellent services". As of the end of the reporting period, the Company's scale of annuity under management hit a new high, and the number of individual customers associated with account management services reached 2,246,700.

In terms of the third pillar, the Company actively responded to the full implementation of the private pension system. As of the end of the reporting period, the number of private pension accounts exceeded 10 million, and the amount of contributions was among the highest in the market.

At the same time, the custody sector served in depth the three-pillar pension insurance system. As of the end of the reporting period, the pension funds under custody amounted to RMB1.33 trillion. The scale and market share have steadily increased, contributing to the steady appreciation of pension funds.

Bill business

During the reporting period, the Company further deepened the transformation of comprehensive services for bill customers, continuously improved the experience of bill customers and its asset operation capabilities, and actively responded to the changes in the external markets. During the reporting period, the number of customers of bill business of the Company was 196,779 with a year-on-year increase of 23.23%, of which micro-, small- and medium-sized customers amounted to 158,700, accounting for 80.65%. The volume of direct bill discounting business of the Company was RMB2,573.754 billion during the reporting period, representing a year-on-year increase of 35.81%, ranking second in the market (data from the China Banking Association), of which the volume of commercial acceptance bill discounting business was RMB328.261 billion, ranking first in the market (data from the Commercial Bank Bill Business Association). As of the end of the reporting period, the Company's bill discounting balance was RMB379.392 billion, representing a decrease of 19.47% as compared with the end of the previous year, mainly due to the fact that the Company adjusted and optimised asset allocation driven by the decreased interest rate in the bill market.

Transaction banking business

During the reporting period, the Company seized the strategic opportunities for the construction of "Digital China" and "Digital Finance", continuously upgraded the brand of "Enterprise Digital Intelligent Finance (企業數智金融)", and enhanced its product innovation capability, operation capability and ecological linking capability. The Company provided an integrated product service system[23] of "Collection, Payment, Treasury Management, Financing and Connection" based on production and operation scenarios of enterprises, and explored new growth points for the corporate banking business. By actively integrating with the digital transformation of enterprises that empowered the bidirectional circulation of enterprise operation and capital operation, the Company continued to create value for its corporate customers.

Leveraging Fintech, the Company accelerated the online migration of whole-process of corporate banking business and enhanced the convenience and efficiency of "Online Finance" services. During the reporting period, the online operation of the financing business of the Company was further enhanced. Based on digital risk control technology, the Company continued to upgrade its "Flash Series (閃電系列)" of domestic trade finance products to improve the handling efficiency of short-term financing for enterprises. Furthermore, the Company continued to upgrade the whole-process companion model and deepened the application of artificial intelligence technology. The online AI assistant "Zhao Xiao Cai (招小財)" can accurately identify customer intentions, and assist customers in handling complicated operations of corporate financial products, with the response accuracy rate reaching 95%, thus forming a comprehensive service system of instant response to customer needs. During the reporting period, the letters and certificates issuance business transactions of the Company amounted to RMB584.148 billion, representing a year-on-year increase of 19.63%; the domestic trade finance business volume amounted to RMB1,498.926 billion, representing a year-on-year increase of 24.47%.

Based on the demand for upgrading treasury management, the Company took the Treasury Management Cloud as the digital service platform for enterprises to assist different types of enterprises in improving their efficiency in allocating financial resources. At the same time, the Company actively responded to the needs of large enterprises to accelerate the construction of treasury systems, providing professional solutions for the construction of the treasury systems of central state-owned enterprises, provincial and municipal state-owned enterprises and the treasury management of listed companies. During the reporting period, the Company won the bids for treasury management projects of numerous large enterprises, developing a brand reputation in industries such as high-end manufacturing, biomedicine, and new economy. As of the end of the reporting period, the number of customers of Treasury Management Cloud services reached 615,200, representing an increase of 28.81% as compared with the end of the previous year.

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23 The integrated product service system of "Collection, Payment, Treasury Management, Financing and Connection" refers to a series of products and services in the scenarios of enterprise collection, payment, treasury management, financing and ecological connection.

The Company also actively explored the comprehensive digital services for enterprises under the scenario of "integration of business and finance". Based on the scenario-driven needs of the whole procurement process of enterprises and treasury fund operations, the Company optimised the one-stop procurement payment service through the "Payment Centre (付款中心)", offering enterprises digitalised and scenario-based integrated payment services, which facilitated the digital upgrade of the industry chain. As for the corporate sales scenarios, clients can use the "Corporate Cashier (企業收銀台)" to realise omni-channel collection, intelligent reconciliation and allocation functions, with integration of contracts, invoices, etc., to provide enterprises with whole-process integrated services for sales collection scenarios. At the same time, the Company specialised in creating cashier solutions for industries such as automobiles, consumption, and power grids, assisting enterprises with digital upgrade of sales management. During the reporting period, the Company served 62,100 corporate customers via Corporate Cashier, representing a year-on-year increase of 13.79%.

Also, the Company continued to innovate the "Cloud-based H2H Connection" model to expand the connection between its digital platforms such as the Treasury Management Cloud with digital systems of government agencies, Internet platforms and enterprises, which facilitated rapid access to the financial services of the Company by customers using mainstream SaaS office platforms. As of the end of the reporting period, the number of customers of the Cloud-based H2H Connection service reached 220,900, representing an increase of 30.09% as compared with the end of the previous year.

Cross-border finance business

During the reporting period, the Company aimed to establish itself as the "principal bank for settlement" of cross-border business for customers and the "global principal bank" for core clients, consolidate its cross-border customer base, and improve its product and service offerings, thus upgrading its operational service capabilities. During the reporting period, the Company recorded USD425.611 billion of international balance of payments for corporate customers, representing a year-on-year increase of 19.26%.

The Company strengthened the segmentation and classification-based management of cross-border customers and solidly promoted the construction of cross-border customer base. The Company established a differentiated business expansion strategy based on cross-border customer segmentation, improved marketing organisation systems, strengthened strategic organisation and professional empowerment, and promoted the cross-border customer base expansion and in-depth operation. Focusing on key scenarios, namely the global operation of Chinese enterprises, the "bringing in" of foreign-invested companies and the overseas capital market, the Company leveraged its strengths in providing synergetic services at home and abroad, and contributed positively to customer service and operations through differentiated cross-border finance services.

The Company enhanced the competitiveness of cross-border digital products and created differentiated competitive advantages of cross-border products. The Company further promoted the intensive and digital operation of international documents, and improved the digital operation of international trade documentations through Fintech. The automation rate in key scenarios of international settlement such as cross-border remittance and export letter of credit reached over 97%. The Company innovatively launched export data financing product "Export Flash Loan (出口閃貸)", which provided qualified micro-, small- and medium-sized export enterprises with pure-credit and full online credit limits. The product met the financing needs of micro-, small- and medium-sized export enterprises, thereby enhancing the Company's capabilities in serving the real economy.

Investment banking business

During the reporting period, under the strategic guidance of "building a value creation bank", the Company continued to build up its strengths in specialised sector of investment banking business, promoted the upgrading of its products, model and capabilities, so as to continuously enhance value creation.

With respect to its bond underwriting business, the Company continued to deepen its whole-process and systematic services for issuers and investors, and persisted on building the bond underwriting brands of "long-term bond issuance, choose CMB (發長債、找招行)" and "perpetual bond issuance, choose CMB (發永續、找招行)". During the reporting period, the debt financing instruments with the Company as the lead underwriter amounted to RMB646.129 billion[24], ranking third among its industry peers (based on the data from the National Association of Financial Market Institutional Investors) and representing an increase of 9.72% on the same calibre as compared with the previous year. Among them, in addition to the size of debt financing instruments with term to maturity of ten years or more underwritten by the Company exceeding RMB100 billion, the Company ranked first by the underwriting size of ultra-long-term bonds with a term of ten years or more, perpetual bonds, and sci-tech innovation notes underwritten by it among its industry peers (based on the data from WIND and the National Association of Financial Market Institutional Investors).

[24] Starting from the current period, the statistical calibre of debt financing instruments with the Company as the lead underwriter is based on that of the National Association of Financial Market Institutional Investors.

With respect to its M&A financing business, in alignment with key business directions with policy support, such as merger and acquisition and reorganisation of listed companies, central state-owned enterprises' deployment in strategic emerging industries, and revitalisation of existing assets, the Company seized the structural opportunities in overseas capital market, enhanced its service model to support the whole process of M&A transactions, and provided "one-stop, full-cycle" service solutions with intelligent and financing support for both transaction parties. During the reporting period, the Company's M&A financing business volume amounted to RMB206.634 billion, representing a year-on-year increase of 6.87%. In response to national policies, the Company proactively supported listed companies in strengthening market value management, promoting the stable development of the capital market. The Company provided loan commitments for stock repurchases and shareholding increases to 32 listed companies, with a cumulated amount of RMB4.9 billion.

With respect to its corporate wealth management business, the Company actively expanded the scope of cooperating institutions, and continued to improve the product system, thereby continuously enhancing customer service experience. During the reporting period, the Company's average daily balance of corporate wealth management products was RMB399.871 billion, representing a year-on-year increase of 30.35%, which was mainly attributable to the gradual improvement of the Company's corporate wealth management service system and the continuous enhancement of its market competitiveness.

With respect to its market transactions (matching services) business, the Company sped up its role change from a loan provider to a fund originator, and continuously improved its capabilities in providing service to corporate customers through the combination of funds and products, and collaboration with different types of financial institutions. During the reporting period, the Company's market transaction (matching services) amounted to RMB367.077 billion, representing a year-on-year decrease of 1.17%, mainly due to the adjustment in its business structure.

CMB International Capital, a subsidiary of the Company, made active business coordination with the Bank and strengthened the linkage mechanism of investment banking and commercial banking. CMB International Capital completed a total of 38 Hong Kong IPO projects during the reporting period, maintaining its leading position in terms of Hong Kong IPO underwriting business. According to the statistics of Bloomberg, CMB International Capital ranked first in the market in respect of the market share of IPO underwriting in Hong Kong in 2024 and second in respect of the number of IPO underwriting projects.

Financial institution business

With respect to financial institution liability business, during the reporting period, the daily average balance of financial institution deposits of the Company amounted to RMB566.866 billion, representing a year-on-year increase of 0.25%, among which, financial institution demand deposits accounted for 94.79%, representing a year-on-year increase of 3.19 percentage points. During the reporting period, the Company strengthened the structure management of financial institution deposits and proactively reduced the absorption of time deposits, and focused on high-value interbank clearing and settlement business scenarios to vigorously expand the sources of low-cost liabilities.

With respect to its depository service, the Company's security and future margin depository services were in stable operation. The Company partnered with 107 securities companies in third-party depository services and 18,478,700 customers were secured at the end of the reporting period, representing an increase of 11.20% as compared with the end of the previous year. Also, the Company cooperated with 144 futures companies on fund transfer, securing 503,700 customers at the end of the reporting period, representing an increase of 19.02% as compared with the end of the previous year.

Asset Management Business

As of the end of the reporting period, the total asset management business of CMB Wealth Management, China Merchants Fund, CIGNA & CMAM, and CMB International Capital, all being subsidiaries of the Company, amounted to RMB4.48 trillion[25], representing a decrease of 0.11% as compared with the end of the previous year. Among them, the balance of wealth management products under management by CMB Wealth Management amounted to RMB2.47 trillion, representing a decrease of 3.14% as compared with the end of the previous year; the scale of asset management business of China Merchants Fund amounted to RMB1.57 trillion, representing an increase of 1.29% as compared with the end of the previous year; the scale of asset management business of CIGNA & CMAM amounted to RMB305.676 billion, representing an increase of 14.23% as compared with the end of the previous year; the scale of asset management business of CMB International Capital amounted to RMB130.327 billion, representing an increase of 14.86% as compared with the end of the previous year.

[25] The total volume of asset management business of China Merchants Fund and CMB International Capital both included the data of their respective subsidiaries.

CMB Wealth Management adhered to the overall business strategy of "stabilising scale, adjusting structure and enhancing capacity". **In terms of product scale**, as of the end of the reporting period, the balance of wealth management products managed by CMB Wealth Management decreased by RMB78.686 billion as compared with the end of the previous year, but increased by RMB29.214 billion as compared with the end of the third quarter. **In terms of product mix**, as of the end of the reporting period, the size of new non-cash management products amounted to RMB1.43 trillion, accounting for 57.89%, representing an increase of 5.73 percentage points as compared with the end of the previous year, demonstrating that the product mix continued to optimise. **In terms of product layout**, catering to customer needs, it developed fixed-income brands including "Three Treasures for Short-term Bonds (短債三寶)" and "Wen An Bao (穩安寶)", established the eight rights-attached strategy systems under the "Quan+Fu (全+福)" brand framework, and insisted on creating long-term and stable financial returns for customers. To cater to the diversified allocation needs of investors, it introduced and continuously enriched innovative models, including "Wealth Management Night Market (理財夜市)", wealth management regular investment, and "Target Profit Investment (隨心投目標盈)", thereby effectively enhancing investors' sense of satisfaction. **In terms of investment and research capabilities building**, it adhered to a prudent investment direction and continued to develop corresponding investment and research capabilities. On the one hand, CMB Wealth Management continued to consolidate the advantage of stability in fixed-income investment, accelerated the construction of credit research system on the basis of strictly adhering to the bottom line of risk, and emphasised on strengthening the development and application of strategies featuring low volatility and stability, so as to effectively control the drawdowns and increase returns. On the other hand, it insisted on tapping into equity investments, giving full play to its advantages of multi-asset and multi-strategy, and continuously enriched the strategic toolbox, resulting in good performance of rights-attached products. **In terms of risk management**, adhering to a cautious and sound risk management philosophy, CMB Wealth Management formulated and implemented risk strategies for industries under key management and businesses with major support during the reporting period, while strengthening credit risk management and control. It optimised risk quantification assessment models to enhance forward planning and timely actions for pre-warning and monitoring of market risk and liquidity risk. Moreover, internal control manuals were developed for key areas and high-risk business segments, further reinforcing the internal control mechanism.

Following the "high-quality development" requirements of mutual funds, China Merchants Fund continued to improve the quality and efficiency of its businesses and consolidated its foundation, while adopting strict management, upholding fundamental principles and breaking new ground (守正創新). As of the end of the reporting period, the scale of non-money-market mutual funds was RMB557.425 billion, representing a decrease of 3.15% as compared with the end of the previous year. **In terms of investment and research capabilities building**, China Merchants Fund continued to enhance the capabilities of equity investment team, further deepening the interaction between investment and research, and the reputation and capability of its active equity investment was gradually improved. **In terms of product layout**, China Merchants Fund continued to optimise the product mix, launched the first batch of core broad-based CSI A500ETF in the industry, successfully completed the issuance and listing of three REITs projects, and successfully issued China Merchants Fund's first overseas ETF interconnection product. **In terms of customer service**, by grasping the opportunities arising from the development of pension business, China Merchants Fund vigorously expanded channels and customer base, steadily developed investment consulting business, and further engaged in customer accompany and investor guidance, so as to make efforts to enhance customers' sense of satisfaction. **In terms of risk management**, China Merchants Fund continued to promote comprehensive risk management, increased efforts of promoting and implementing laws and regulations, reinforced risk management and control in key areas, and improved the internal control compliance management, keeping business risks under great control. No major compliance risk incidents occurred during the reporting period. **In terms of basic management**, China Merchants Fund further strengthened value orientation, optimised human resources management, improved financial procurement management, accelerated to impel digital transformation, and continued to strengthen back-office operation and management, boosting the quality and efficiency improvement of its various businesses.

CIGNA & CMAM was positioned as a professional and stable long-term capital management institution. It proactively integrated with overall strategic objectives of building a value creation bank by leveraging its long-term capital management capabilities and advantages of differentiated product creation. **In terms of the insurance fund fiduciary business**, CIGNA & CMAM regarded enhancement of fiduciary investment returns as the core objective and foundation, focused on improving the allocation of assets and the investment and research capabilities of proactive management, with the goal of supporting the principals' life insurance business through investment returns. As of the end of the reporting period, the scale of insurance funds under entrusted management was RMB189.647 billion, representing an increase of 30.82% as compared with the end of the previous year. **In terms of product creation**, CIGNA & CMAM continuously improved its capabilities of project selection and asset origination, with an aim to selectively issue alternative asset management products. It vigorously developed portfolio asset management products under proactive management, thereby developing investment strategies with differentiated characteristics for insurance asset management. **In terms of operation and risk management**, CIGNA & CMAM proceeded with high-quality ground work, established an efficient operation and management system, continued to improve the comprehensive risk management system, and continuously iterated and upgraded investment and product management systems, with steady progress achieved.

CMB International Capital kept leveraging its differentiated advantages, achieving constant improvement of its operational efficiency. **In respect of domestic asset management business**, the investment efficiency, attractiveness for talents and industry influence of CMB International Capital's domestic equity investment funds business continued to improve. During the reporting period, 4 IPO projects were successfully completed, ranking tenth in the list of "China's Top 100 Private Equity Investment Institutions for 2024" released by Zero2IPO. **In respect of overseas asset management business**, it completed full exit after the IPO of a total of 4 investment projects with respect to CMB International Capital's private equity products during the reporting period, realising excess returns for investors. Meanwhile, CMB International Capital made great efforts to develop its mutual funds business. During the reporting period, it launched 1 money-market mutual fund and 1 investment-grade bond mutual fund, increasing the scale of mutual funds under management by RMB13.517 billion. Among them, as of the end of the reporting period, the performance of the money-market fund has consistently ranked among the top of its peers in Hong Kong since its launch.

Assets custody business

As of the end of the reporting period, the balance of assets under custody of the Company was RMB22.86 trillion, representing an increase of 8.24% as compared with the end of the previous year. The total scale of custody ranked among the top of the industry.

The Company was committed to becoming the first choice of customers in respect of global custody banks with better services, stronger technology and better coordination. With the "China Merchants Bank Custody+ (招商銀行託管+)" service brand as its guide, the Company provided standardised products, personalised portfolios, intelligent tools and differentiated services to continuously help customers reduce costs and increase efficiency and achieve high-quality development.

Firstly, both the quantity and quality of custody business have been continuously improved, the scale of custody has grown, and the structure has been continuously optimised. As of the end of the reporting period, the Company's asset management products[26] accounted for 91.87% of its incremental custody scale, surpassing the average proportion of the industry. The structure of custody business has been optimised continuously.

Secondly, the Company seized opportunities of market innovation to continuously maintain its innovation advantages regarding public REITs under its custody, while enhancing its capabilities of index funds under its custody. The scale of broad-based products such as A500ETF under custody maintained a leading position in the market.

Thirdly, the Company made active efforts in propelling digitalisation, aiming to improve the quality and efficiency of service through technology innovation. In 2024, the Company strengthened the development of the "custody+" service brand, and was awarded as "2024 Outstanding Influential Brand" by 21st Century Business Herald. In 2024, the "custody+" system group successfully achieved Level III information security protection certification, further enhancing business efficiency, customer experience and safety assurance.

Financial markets business

During the reporting period, the Company leveraged its strengths and features in fixed income, foreign exchange, precious metal and other businesses. It constantly enhanced its capabilities in investment research, customer service, risk management and Fintech, aiming to solidify its existing advantages through refined management and enhance new advantages of distinctiveness and differentiation through upholding fundamental principles and breaking new ground (守正創新). In addition, the Company devoted its full support to the development of the real economy, accomplishing high-quality development of financial markets business.

26 According to the statistical calibre of the Custody Business Professional Committee under China Banking Association, the custody of asset management products includes custody of securities investments funds, customer asset management of fund companies, customer asset management of securities companies, bank wealth management, trust property, private equity investment funds, insurance assets, pension funds, QDII products, QFI products, futures, etc.

In terms of investment transactions, the Company adhered to prudent operation. Against the backdrop of the wide volatility in the capital market, the Company further intensified macro policy research, market analysis and judgement, improved proprietary investments research and analysis framework, strengthened indicator tracking and monitoring, optimised the portfolio structure, and enhanced investments returns. In line with the national development strategy, the Company increased its holdings of SME bonds, sci-tech innovation bonds and green bonds, thereby supporting the development of the real economy. Furthermore, the Company continued to actively perform its duties as a market maker, continuously strengthened its comprehensive market-making capabilities, and continued to enhance its quotation and trading services. During the reporting period, the transaction volume of RMB bond investments amounted to RMB2.99 trillion[27], representing a year-on-year increase of 7.17%.

In terms of client flow trading business, the Company continued to advocate the concept of neutral management of exchange rate risk to corporate customers. It actively innovated its products and optimised its processes, providing enterprises with customised exchange rate, interest rate and other hedging services. Meanwhile, the Company accelerated the development and optimisation of the domestic and overseas integrated client flow trading platform for financial markets, and continued to improve the automation of client flow trading service at its overseas branches, supporting the global operation of Chinese enterprise customers. During the reporting period, the number of wholesale customers of the Company involved in client flow tradings was 77,120, representing a year-on-year increase of 15.12%, and the transaction volume of client flow tradings of wholesale customers amounted to USD282.872 billion, representing a year-on-year increase of 19.40%.

In terms of digital transformation, the Company captured the opportunities presented by digitalisation and intelligentisation, and continued to expand the application of cutting-edge technologies including AI and large model in the financial markets business. The Company established a digitalised investment research and analysis platform, and completed the construction of a digitalised and intelligent investment research and trading system for all products. The Company actively utilised digital means to optimise the functions of CMB's hedging platform, thus continuously improving customer service experience. It established a digital pre-trade risk control system, refined the risk management mechanism for financial market transactions, and continuously elevated the digital and intelligent capabilities for identifying risk signals.

During the reporting period, the Company actively supported the opening up of China's financial markets, and continuously participated in "Bond Connect" and "Swap Connect" trading through National Interbank Funding Centre to promote interconnection between Hong Kong and the Chinese Mainland's finance markets. It facilitated trades for foreign investors and once again received the "Northbound Top Market Maker" award from Bond Connect Company Limited.

3.10.3 Distribution channel

The Company provides products and services via multiple online and offline distribution channels.

Offline channels

The Company's business is mainly in the market of China, and its distribution network is mainly distributed in major central cities in the Chinese mainland and some international financial centres such as China's Hong Kong, New York, London, Singapore, Luxembourg and Sydney. As of the end of the reporting period, the Company has 143 branches and 1,794 sub-branches in the Chinese Mainland, two branch-level specialised institutions (a Credit Card Centre and a Global Markets Centre), 2,190 self-service banks, 5,277 cash self-service devices and 4,953 visual counters. The Company has a Hong Kong branch in Hong Kong, a New York branch and a representative office in the United States, a London branch in the UK, a Singapore branch in Singapore, a Luxembourg branch in Luxembourg, a representative office in Taipei, and a Sydney branch in Australia.

Online channels

Major online channels for retail

CMB APP

During the reporting period, the Company continuously upgraded CMB APP in response to changes in customer demand, national economic development needs and the advancement of artificial intelligence technology. Firstly, the Company enhanced functionality of master accounts and launched all-assets and family account services to help customers manage their family assets and cross-platform assets, making it easier for customers to "manage wealth in a coordinated way (統籌管財)". Secondly, the Company developed a smart retirement finance service system, and innovatively introduced the "three sums of money for retirement (備老三筆錢)" planning methodology to aid

27 Refers to transaction volume of RMB bond investment of the Company's Global Markets Centre.

in retirement fund planning, optimising pension reserves, and accompanying customers in high-quality retirement preparation and elderly care. Thirdly, the Company enriched online credit products, launched scenario-based credit card limits service, and strengthened the construction of online post-loan services to provide customers with a higher-quality credit experience. During the reporting period, the monthly active users of CMB APP reached 82,678,100.

CMB Life APP for Credit Card

During the reporting period, the Company continued to enhance the customer organisation and mobilisation capabilities of the CMB Life APP, and improved the digital products and services. By diversifying scenarios for daily high-frequency consumption, bringing together quality partners and connecting supply and demand ends, the Company continued to build its online service ecosystem. Also, the Company continuously enhanced operating efficiency with optimised search, intelligent recommendation and other platform interaction capabilities. Furthermore, in coordination with critical consumption periods such as May Day, 618, National Day and the end of the year, a series of marketing campaigns were launched, with a view to continuously improving the ability to mobilise customers. During the reporting period, the number of monthly active users of CMB Life APP for credit card was 40,444,600. In terms of user engagement, CMB Life APP was in the front rank among other credit card APPs in the banking industry.

Remote Operation Service

The Company provides real-time, comprehensive, prompt, and professional services to its customers via telephone, network, video, etc. It uses digital and intelligent technology to effectively identify customer needs, provide solutions quickly through intelligent robots, while allowing customer service needs to reach the corresponding points of business handling on APP more quickly. At the same time, the channels for customer complaints and feedback are further opened up, the registration and tracking section of "Consultation and Complaints (諮詢與投訴)" on the CMB APP is optimised, and the efficiency of problem solving is improved by solving any problems before complaints are filed and accompanying at critical moments. During the reporting period, the remote online omni-channel manual service connection rate was 98.13%, the remote online omni-channel manual service response rate within 20 seconds was 90.99%, and the remote online omni-channel customer satisfaction rate was 99.69%.

Smart Service System

In terms of debit card intelligent service system, during the reporting period, the Company upgraded the intelligent service "Xiao Zhao (小招)" by utilising large model technology, enabling it to evolve from a wealth management assistant with "pre-set service routine" to a "listening and responding" banking assistant. By integrating professional knowledge, data and frontline service experience, "Xiao Zhao (小招)" provides intelligent services such as asset changes, income and expenditure inquiries, and retirement planning to meet customers' needs in "deposit, loan, and remittance", and improves problem-solving ability for customers through more flexible conversational interaction method.

In terms of credit card intelligent service system, during the reporting period, the Company continued to push forward the digital and intelligent transformation of customer service for credit card business, and explored and reconstructed the interaction experience with the help of AI tools to effectively improve the quality and efficiency of customer services. The Company empowered employees by promoting AI technologies such as large model technology, and constructed digital tools for customer service employees to achieve whole-process assistance before, during and after the service, thereby improving service resolution capabilities. By constantly improving the ability of scenario-based robots to solve complex issues, the Company continuously optimised the human-robot collaboration model of "Xiao Zhao (小招)" assistant of CMB Life APP, used AI "digital" capabilities to predict user needs in real time, and gave full play to the advantages of "human" in emotional communication and handling complex issues, so as to provide customers with more intelligent and more warm-hearted services.

Major wholesale online channels

The Company focuses on the digital transformation needs of corporate treasury management and continues to optimise the two major service channels of CMB Corporate U-Bank and CMB Corporate APP. During the reporting period, the "intelligent, mobile and international" service abilities of corporate digital channel platform of the Company was continuously improved. The English version of CMB Corporate U-Bank was iterated and updated to provide enterprises with "lightweight", "standardised" and "one-stop" online services. CMB Corporate APP focused on mobile officing and digital and intelligent services to create differentiated capabilities, and created a mobile revenue and expenditure ledger, catering to core needs of legal persons, executives and other key personnel of enterprises to provide convenient treasury services to them via the mobile terminals. As of the end of the reporting period, the Company had 3,066,100 wholesale customers on the online channels, representing an increase of 12.99% as compared with the end of the previous year. The coverage rate of wholesale customers on the online channels was 96.83%, representing an increase of 0.62 percentage point as compared with the end of the previous year. During the reporting period, the Company had 1,949,400 monthly active customers of wholesale online channels, representing a year-on-year increase of 14.88%; the total number of wholesale transactions handled by the Company through online channels reached 482 million, representing a year-on-year increase of 16.99%; and the total value of wholesale transactions through online channels amounted to RMB223.24 trillion, representing a year-on-year increase of 6.19%.

3.10.4 Overseas branches

Hong Kong Branch

Established in 2002, the Hong Kong Branch of the Company is the first branch duly established overseas by the Company, which can engage in comprehensive commercial banking businesses. With regard to corporate banking business, the Hong Kong Branch provides diversified corporate banking products and services, such as deposit-taking, settlement, trade financing, bilateral loans, syndicated loans, cross-border M&A comprehensive solutions and asset custody, and engages in transaction of funds, bond trading and foreign exchange trading with financial institutions, and conducts funds clearing and asset transfer with financial institution customers. With respect to retail banking business, the Hong Kong Branch can provide personal banking services and private wealth management services for customers. Featured products include "Hong Kong All-in-one Card" and "Hong Kong Bank-Securities Express".

During the reporting period, the Hong Kong Branch served the construction of Hong Kong as an international financial centre, enhanced its comprehensive operating capabilities for customers, and made achievements in the operation of high-quality customers, wealth management business and comprehensive risk management. During the reporting period, the Hong Kong Branch achieved the net operating income of HKD3.196 billion.

New York Branch

Established in 2008, the New York Branch of the Company is the first branch of Chinese banks approved in the U.S. since the implementation of U.S. Foreign Bank Supervision Enhancement Act in 1991. The New York Branch is located in the global financial centre and is committed to establishing a cross-border finance platform characterised by coordination between China and the U.S., so as to offer diversified and all-round banking services for the companies in China and the U.S. Such services and products mainly include: deposit-taking, settlement, foreign exchange transactions, trade financing, bilateral loans, syndicated loans, working capital financing, M&A financing, privatisation financing, fund financing, etc. At the same time, the New York Branch actively builds a global service network for private banking customers and provides high-quality non-financial value-added services for high-net-worth private banking customers.

During the reporting period, the New York Branch actively implemented a sustainable and high-quality development strategy and achieved progress in customer base expansion, high-quality asset origination, risk compliance construction, digital transformation and improvement of profitability. During the reporting period, the New York Branch achieved the net operating income of USD95.0521 million.

Singapore Branch

Established in 2013, the Singapore Branch of the Company is positioned as a significant cross-border finance platform in Southeast Asia. Based in Singapore and expanding to Southeast Asia, the Singapore Branch takes cross-border finance and wealth management as its core businesses. In terms of cross-border finance business, the Singapore Branch strives to provide all-round one-stop solutions to the Chinese companies "going global" and the foreign companies "brought in" located in Singapore and other Southeast Asian countries. The main services and products of the Singapore Branch include: deposit-taking, settlement, foreign exchange transactions, trade financing, syndicated loans, M&A financing and bond underwriting, etc. In terms of wealth management business, the Private Banking (Singapore) Centre provided private banking products and value-added services with integrated investment and financing services, such as cash management, asset allocation and wealth inheritance to high-net-worth customers.

During the reporting period, the Singapore Branch promoted its characteristic operation by leveraging regional advantages, facilitated creation of diversified value with the aid of digital transformation, focused on high-quality customers in respect of asset business, expanded new service scenarios in respect of liability business, and refined basic products in respect of settlement business. During the reporting period, the Singapore Branch achieved the net operating income of USD21.7785 million.

Luxembourg Branch

The Luxembourg Branch of the Company, established in 2015, is positioned as an important cross-border finance platform in the continental Europe, providing comprehensive cross-border one-stop financial solutions to Chinese companies "going global" and the companies "brought in" located in Europe. Its main services and products include: deposit-taking, lending, project financing, trade financing, M&A financing, M&A consulting and bond underwriting, etc. The branch is also committed to building a business platform for the Company in Europe by combining the advantages of the Bank and European characteristics. In addition, the branch actively built a global service network for private banking customers and provided high-quality non-financial value-added services to high-net-worth private banking customers.

During the reporting period, the Luxembourg Branch consolidated its operating foundation and made progress in optimising customer structure, expanding independent financing capabilities and digital transformation. During the reporting period, the Luxembourg Branch achieved the net operating income of EUR29.8869 million.

London Branch

Established in 2016, the London Branch of the Company was the first branch approved to be established in the United Kingdom among all Chinese joint-stock commercial banks, providing comprehensive cross-border one-stop financial solutions to Chinese companies "going global" and leading companies "brought in" located in the UK. The main services and products of the London Branch include: deposit-taking, settlement, foreign exchange transactions, trade financing, bilateral loans, syndicated loans and M&A financing, etc. At the same time, the London Branch actively builds a global service network for private banking customers and provides high-quality non-financial value-added services for high-net-worth private banking customers.

During the reporting period, the London Branch actively implemented the high-quality development strategy, continuously improved the economy of scale and operating efficiency, and achieved results in the high-quality asset origination, the construction of value customer base, and the construction of risk compliance system, etc. During the reporting period, the London Branch achieved the net operating income of USD34.7824 million.

Sydney Branch

The Sydney Branch of the Company was established in 2017 and was the first branch approved to be established in Australia among all Chinese joint-stock commercial banks. The Sydney Branch managed to get a foothold in businesses derived from China-Australia economic, trade and investment exchanges. The Sydney Branch focuses on the needs of the strategic customers "going global" and top-tiered customers of Australia and New Zealand, creating value for customers through providing two-way cross-border financial services. The main services and products of the Sydney Branch include: deposit-taking, settlement, foreign exchange transactions, trade financing, M&A financing and commitment, project financing, syndicated loans and fund financing, etc. At the same time, the branch actively builds a global service network for private banking customers and provides high-quality non-financial value-added services for high-net-worth private banking customers.

During the reporting period, the Sydney Branch steadily improved the quality and efficiency of its operation by optimising asset allocation, strengthening the expansion of local customer base and promoting digital transformation. During the reporting period, the Sydney Branch achieved the net operating income of AUD77.2071 million.

3.10.5 Major subsidiaries

The Company exercises the rights of shareholders in compliance with the law, keeps on strengthening the comprehensive management over the corporate governance, capital management, risk management, financial management and other aspects of its subsidiaries, and capitalises on the synergy of comprehensive operation to enhance the Group's capabilities of providing comprehensive financial services to customers while achieving their own high-quality growth.

CMB Wing Lung Bank

Founded in 1933, CMB Wing Lung Bank has a registered capital of HKD1.161 billion, and it is a wholly-owned subsidiary of the Company in Hong Kong. CMB Wing Lung Bank provides customers with diversified banking products and services, including retail and private banking, corporate banking and other banking businesses. CMB Wing Lung Bank also provides trust, asset management and insurance brokerage services through its subsidiaries.

As of the end of the reporting period, the total assets of CMB Wing Lung Group amounted to HKD453.053 billion. Total equity attributable to shareholders amounted to HKD48.152 billion. During the reporting period, CMB Wing Lung Group realised a net profit attributable to shareholders of HKD2.292 billion.

CMB Financial Leasing

CMB Financial Leasing was established in 2008 with a registered capital of RMB18 billion (During the reporting period, CMB Financial Leasing converted the retained profits of RMB6 billion into registered capital upon the approval of the relevant regulatory authorities, and the registered capital increased from RMB12 billion to RMB18 billion). It is a wholly-owned subsidiary of the Company. CMB Financial Leasing has established three major business segments, namely aviation, shipping and equipment, aiming to build a financial leasing service system based on the "six new" industries of new energy, new infrastructure, new technology, new mobility, new intelligent manufacturing and new materials, so as to meet the needs of lessees to purchase equipment, promote sales, revitalise assets, balance tax burden and improve financial structure.

As of the end of the reporting period, the total assets of CMB Financial Leasing were RMB309.784 billion and the net assets were RMB36.996 billion. During the reporting period, the net profit was RMB3.740 billion.

CMB International Capital

Established in 1993, CMB International Capital is a wholly-owned subsidiary of the Company in Hong Kong with a registered capital of HKD4.129 billion. At present, the business scope of CMB International Capital and its subsidiaries mainly covers corporate financing, asset management, wealth management, global market business and structured financing.

As of the end of the reporting period, the total assets of CMB International Capital amounted to HKD80.813 billion, and its net assets amounted to HKD16.634 billion. During the reporting period, it realised a net profit of HKD1.307 billion.

CMB Wealth Management

CMB Wealth Management was established in 2019 with a registered capital of approximately RMB5.556 billion. As of the end of the reporting period, the Company and JPMorgan Asset Management (Asia Pacific) Limited held 90% and 10% of CMB Wealth Management's shares respectively. The business scope of CMB Wealth Management includes the issuance of wealth management products, the provision of wealth management consultancy and advisory services, and other businesses approved by regulatory authorities.

As of the end of the reporting period, CMB Wealth Management had total assets of RMB24.071 billion and net assets of RMB23.102 billion. During the reporting period, the net profit was RMB2.739 billion.

China Merchants Fund

Established in 2002, China Merchants Fund had a registered capital of RMB1.31 billion. As of the end of the reporting period, the Company and China Merchants Securities Co., Ltd. held 55% and 45% of China Merchants Fund's shares, respectively. The business scope of China Merchants Fund covers fund establishment, fund management and other operations approved by the CSRC.

As of the end of the reporting period, the total assets of China Merchants Fund amounted to RMB15.498 billion, and its net assets amounted to RMB10.448 billion. It realised a net profit of RMB1.650 billion during the reporting period.

CIGNA & CMAM

CIGNA & CMAM was established in 2020 with a registered capital of RMB500 million, and it is an indirectly owned subsidiary of the Company, which is owned as to 87.3458% and 12.6542% by CIGNA & CMB Life Insurance, a joint venture of the Company, and CMB International Capital, a subsidiary of the Company, respectively. The business scope of CIGNA & CMAM includes entrusted management of client's funds, issuance of insurance asset management products and asset management related consultation business.

As of the end of the reporting period, CIGNA & CMAM had total assets of RMB1.104 billion, with net assets of RMB849 million and achieved a net profit of RMB130 million during the reporting period.

CMB Europe S.A.

CMB Europe S.A. was established in 2021 with a registered capital of EUR100 million. It is a wholly-owned subsidiary of the Company in Europe and the regional headquarter of the Company in the European Union and European Economic Area. CMB Europe S.A. provides its customers with diversified financial products and services such as cross-border financing, M&A finance, private banking, investment management, financial markets, bond underwriting, trade financing, and operates and allocates the global assets of enterprises and individuals.

As of the end of the reporting period, CMB Europe S.A. had total assets of EUR376 million and net assets of EUR90 million, and achieved a net profit of EUR-1,917,300 during the reporting period.

3.10.6 Major joint ventures[28]

CIGNA & CMB Life Insurance

CIGNA & CMB Life Insurance, a joint venture of the Company, was established in 2003 with a registered capital of RMB2.8 billion. As of the end of the reporting period, the Company held 50% shares in CIGNA & CMB Life Insurance and Cigna Health and Life Insurance Company held the other 50% shares. CIGNA & CMB Life Insurance is mainly engaged in insurance businesses such as life insurance, health insurance, accident injury insurance and the reinsurance of the above insurances.

As of the end of the reporting period, the total assets of CIGNA & CMB Life Insurance amounted to RMB214.689 billion, and its net assets amounted to RMB14.784 billion. During the reporting period, CIGNA & CMB Life Insurance realised a net profit of RMB558 million.

Merchants Union Consumer Finance

Merchants Union Consumer Finance, a joint venture of the Company, was established in 2015 with a registered capital of RMB10.0 billion. As of the end of the reporting period, the Company held 50% shares in Merchants Union Consumer Finance and China United Network Communications Limited held the other 50% shares. Merchants Union Consumer Finance is mainly engaged in the granting of personal consumer loans.

As of the end of the reporting period, the total assets of Merchants Union Consumer Finance amounted to RMB163.751 billion and the net assets were RMB22.663 billion. It realised a net profit of RMB3.016 billion during the reporting period.

3.11 Risk Management

The Company adhered to a solid and prudent risk culture and risk appetite and continued to build a fortress-style risk and compliance management system. The Risk and Compliance Management Committee of the Head Office is responsible for reviewing bank-wide significant matters, management initiatives and strategy report on risk management, internal control and compliance management and anti-money laundering and sanctions compliance management and making decisions on business within its authority under the framework of risk appetite, strategies, policies and authorisations approved by the Board of Directors.

During the reporting period, the Company maintained strategic determination. Centring on the main work of "enhancing capabilities, preventing risks and promoting development", the Company continuously improved its risk management capabilities, increased its support for the real economy, and strengthened the risk prevention and mitigation in key fields. The risk indicators demonstrate positive momentum while maintaining stability.

3.11.1 Credit risk management

Credit risk refers to the risk arising from a bank's borrowers or counterparties failing to perform their obligations as agreed. The Company adhered to the operation philosophy of pursuing dynamically balanced development of "Quality, Profitability and Scale", adopted the prudent business strategy where returns and risks are balanced and risks can be ultimately covered by capital, aligned risk perception and implemented a consistent risk appetite, improved the full-life cycle risk management process, reinforced the capacity construction of three lines of defence and upgraded and optimised various management tools, so as to prevent and reduce loss from credit risk.

During the reporting period, the Company actively responded to the changes in the risk situation and took a number of initiatives to ensure stable asset quality. Firstly, the Company has tamped risk management foundations of domestic and overseas branches and subsidiaries, enhanced the application of the risk profile rating system for domestic branches, developed risk management guidelines for overseas branches, and refined the risk preference indicators system of subsidiaries. Secondly, the Company enhanced the risk management capability. In strict accordance with regulatory requirements and based on the actual business, the Company continuously optimised administrative measures such as the centralised system of credit granting and credit facility management over group customers, tightened risk management for its off-balance sheet business, put in place differentiated authorisation management requirements to consolidate the institutional foundation. Thirdly, the Company strengthened the risk prevention and mitigation in key fields. By virtue of the coordination mechanism of urban real estate financing business and a package of debt resolution proposals, the Company strengthened the management of real estate and local government financing businesses, further refined the scope of direct inspection by risk managers and

28 The major joint ventures of the Company include CIGNA & CMB Life Insurance and Merchants Union Consumer Finance, and their financial data have been adjusted in accordance with the accounting policies of the Group, where necessary.

conducted risk screening targeting key industries and key customer groups. Fourthly, the Company deepened the strategy of "dynamic rebalancing", promoted the implementation of "one branch, one policy" principle of list-based customer management for assets business, and optimised asset allocation by maintaining appropriate diversification of asset portfolio among different industries, regions, customers and products. Fifthly, the Company promoted high-quality risk mitigation and disposal, implemented checklist-based management, implemented different measures based on different categories, expanded the channels for disposal of non-performing assets, strengthened process management through project responsibility system and improved the quality and efficiency of settlement, collection and disposal. Sixthly, the Company accelerated the digital and intelligent transformation of risk management, built a comprehensive risk management framework and indicator database, promoted and improved the construction of various risk management systems, enhanced risk measurement capability and explored intelligent risk management.

For more information about the Company's credit risk management, please refer to Note 60(a) to the financial statements.

3.11.2 Management of large risk exposure

In accordance with the Rules on Large Exposure of Commercial Banks《(商業銀行大額風險暴露管理辦法》), large exposure refers to the credit risk exposure (including credit risk exposures in the banking book and trading book) to a single customer or a group of related customers of a commercial bank that exceeds 2.5% of its net Tier 1 capital. During the reporting period, the Company has incorporated large risk exposure management into its overall risk management system, continued to optimise risk exposure measurement rules, and reported regularly on large risk exposure indicators and related management to regulatory authorities, so as to continuously improve the management of large risk exposure. As of the end of the reporting period, other than customers with regulatory exemption, single non-financial institution customers, group non-financial institution customers, single financial institution customers and group financial institution customers of the Company that reached the standards of large risk exposure were all in compliance with the regulatory requirements.

3.11.3 Country risk management

Country risks represent the risks of political, economic, social changes and incidents in a country or region that may cause debtors in that country or region to be unable or unwilling to fulfill their obligations to banks, or incur losses to commercial presences of the Company in that country or region, or other losses to the Company in that country or region.

The Company strictly implemented relevant regulatory requirements and followed the principles of soundness and prudence, established a country risk management system compatible with strategic objectives, risk profile and complexity, and incorporated country risk management into its overall risk management system so as to promptly identify, measure, evaluate, monitor, report, control and mitigate country risks, assess the country risk in a regular manner and implement limit management, while steering business towards relatively-low-risk countries or regions.

During the reporting period, in the face of the complex and severe international political and economic situation, the Company continued to pay attention to the changes in the situation of key countries or regions in the world, dynamically updated the country risk ratings according to the global risk changes, tightened the monitoring and limit control of country risk and strictly restricted the growth of business in high-risk countries or regions. At the end of the reporting period, the Company's country risk exposure was mainly concentrated in relatively-low-risk countries or regions. The country risk would not have a significant impact on the Company's business operation.

3.11.4 Market risk management

The Company's market risk arises from trading book and banking book, and the interest rate risk and exchange rate risk are the major market risks faced by the Company.

Interest rate risk management

Trading book

The Company uses volume indicators, market risk value indicators (VaR, covering interest rate risk factors of various currencies and durations relating to trading book business), interest rate stress testing loss indicators, interest rate sensitive indicators and accumulative loss indicators and other risk indicators, to measure, monitor and manage the interest rate risk of trading book. The interest rate risk factors used for risk measurement cover all businesses under the trading book, and are comprised of around 200 interest rate indicators or bond yield curves. VaR includes general VaR and stressed VaR, which are both calculated using the historical simulation method and adopt a confidence coefficient of 99%, an observation period of 250 days and a holding period of 10 days. The interest rate stress testing scenarios include the upward parallel move, upward steep move and twisted change of interest rates at various degrees and various unfavourable market scenarios designed based on the characteristics of investment portfolios. Among them, the extreme interest rate scenario may move up by 300 basis points and cover the extremely unfavourable conditions of the market. Major interest rate sensibility indicator reflects the duration of bonds and PV01 of bonds and interest rate derivatives (the change in the market value when an interest rate fluctuates unfavourably by 1 basis point). As for routine risk management, the annual scope of authorisation and the market risk limits for the interest rate risk businesses under the trading book are set in accordance with the risk appetite, operation plan and risk prediction of the Board of Directors at the beginning of the year for which the Market Risk Management Department is responsible for routine monitoring and continuous reporting.

During the reporting period, under the background of the slowdown in global economic recovery, the US Federal Reserve officially started an interest rate cut cycle and cut the interest rate three times during the year, with a cumulative reduction of 100 basis points. RMB interest rates also showed an overall downward trend, with the yield of China 10-year treasury bonds decreased to 1.67%. The scope of investment in the Company's trading books mainly covered RMB bonds. The Company generally adopted a prudent trading strategy and prudent risk control measures to ensure that all interest rate risk indicators of the trading book remained within the target range.

Banking book

In accordance with external regulatory requirements and internal banking book interest rate risk management policies, the Company has established and continuously improved the banking book interest rate risk management system, clarified the interest rate risk governance structure and established the management process of interest rate risk identification, measurement, monitoring, control and reporting. The Company mainly adopts the re-pricing gap analysis, duration analysis, interest rate benchmark-correlated analysis, scenario simulation and other methods to regularly measure and analyse the interest rate risk of banking book. The re-pricing gap analysis mainly monitors the distribution of re-pricing duration and mismatch of assets and liabilities; the duration analysis monitors the duration of major product types and the change in the duration gap of assets and liabilities of the Bank as a whole; the benchmark-correlated analysis assesses the benchmark risk existing between different pricing benchmark interest rate curves, as well as between the different duration points on each of such curves based on the benchmark-correlated coefficients calculated using our internal models; the scenario simulation is the major approach for the Company to conduct interest rate risk analysis and measurement, which comprises a number of ordinary scenarios and stress scenarios, including the interest rate benchmark impact, the parallel move and the change in the shape of yield curves, the extreme changes in interest rates in history, and the most possible changes in interest rates in the future as predicted by experts and other scenarios. The changes in net interest income (NII) and economic value of equity (EVE) are calculated through simulation of the scenario of changes in interest rates. The NII changes and the EVE changes of certain scenarios are included into the interest rate risk limit system of the Bank. In addition, the internal limit indicator system has included the standardised measurement indicators set out in the Guidelines on the Management of Interest Rate Risk of Banking Book of Commercial Banks (Revised).

During the reporting period, with adherence to a sound and prudent interest rate risk preference, the Company paid close attention to changes in the external environment and internal interest rate risk exposure structure, and continued to monitor and analyse various interest rate risks, especially the gap risk as a result of the mismatch of asset and liability re-pricing against the backdrop of interest rate decline, benchmark risk arising from inconsistent changes in the pricing benchmarks of products, and optionality risk due to the prepayment of customer loans triggered by changes in external interest rates. The Company predicted and analysed interest rate trends based on macro-quantitative models and experts' research and judgement, prospectively deployed active interest rate risk management strategies and adjusted them flexibly considering the trend of risk exposure changes. The Company adjusted the structure of assets and liabilities on the balance sheet and hedged interest rate derivatives off the balance sheet to manage risks. As of the end of the reporting period, the Company's on- and off-balance-sheet management measures were carried out as planned, the interest rate risk level was controlled within the annual interest rate risk control target range, and various indicators including the stress test results were kept within the limits and warning values. The banking book interest rate risk was generally stable.

Exchange rate risk management

Trading book

The Company uses risk exposure indicator, market risk value indicator (VaR, covering foreign exchange rate risk factors of various currencies related to transactions on the trading book), the exchange loss indicator under stress test, option-sensitive indicator and accumulated loss indicator and other risk indicators to conduct risk measurement and monitoring management. As for risk measurement, the selected exchange rate risk factor is applied on spot prices, forward prices and volatilities in all transaction currencies under the trading book. Market risk value indicators comprise general market value at risk and stress market value at risk, and are calculated using historical simulation based on a confidence coefficient of 99%, an observation period of 250 days and a holding period of 10 days. Exchange rate stress test scenarios cover 5%, 10%, 15% or more adverse changes in every transaction currency against RMB, and changed volatility of foreign exchange options. Major option-sensitive indicators include Delta, Gamma, Vega and other indicators. For routine management, we set annual limits on authority associated with exchange rate risks under the trading book and relevant market exposure at the beginning of the year according to the risk appetite, business planning and risk forecast of the Board of Directors, and delegated the Market Risk Management Department to perform routine monitoring and on-going reporting.

During the reporting period, the RMB exchange rate remained basically stable at a reasonable and balanced level, and the exchange rate of RMB against the U.S. dollar showed two-way fluctuations. Affected by the interest rate cut policy of the US Federal Reserve and other factors, the U.S. dollar index strengthened again in the fourth quarter, causing a certain impact on the RMB exchange rate. The Company's trading book mainly obtained the spread income through the foreign exchange client flow trading, and implemented rigorous internal control and management through a well-established and efficient management system, and closely monitored changes of limit indicators such as sensitivity index and stop-loss indicator. All exchange rate risk indicators of the Company's trading book were within the target range as of the end of the reporting period.

Banking book

The Company mainly uses foreign exchange exposure analysis, scenario simulation analysis, stress test, and other methods for measurement and analysis of exchange rate risk of its banking book. The foreign exchange exposure measurement uses the short-sided method, the correlation approach and the aggregation approach; scenario simulation and stress test analysis are two important exchange rate risk management tools of the Company for managing foreign exchange rate risk, covering the standard scenario, historical scenario, forward scenario and stress scenario, which include scenarios such as spot and forward exchange rate fluctuations and historical extreme exchange rate fluctuations of various currencies. Each scenario could simulate the impact on the Company's profit or loss. The effects of certain scenario simulation on the profit and loss as a share of net capital are taken as reference in the routine management as a limit indicator. The Company conducts back-testing and assessment on relevant model parameters on a regular basis to verify the effectiveness of measurement models.

The Company regularly measures and analyses foreign exchange exposure of banking book and scenario simulation results, monitors and reports exchange rate risk on a monthly basis under its quota limit framework, and adjusts its foreign exchange exposure accordingly based on the trend of foreign exchange movements, so as to avoid the relevant foreign exchange risk of banking book.

During the reporting period, the Company paid close attention to exchange rate movements, studied and analysed the impact of exchange rate changes in light of the macroeconomic conditions at home and abroad, and proposed a balance sheet optimisation program as a scientific reference for the management's decision-making. During the reporting period, the Company increased its efforts to monitor and analyse foreign exchange exposure and imposed a stringent control over the scale of foreign exchange risk exposure. The Company was prudent about the exchange rate risk. As of the end of the reporting period, the scale of foreign exchange exposure of the Company's banking book was at a relatively low level. The exchange rate risk of the Company was generally stable with all the core limit indicators, general scenarios and stress testing results satisfying the regulatory limit requirement.

For more information about the Company's market risk management, please refer to Note 60(b) to the financial statements.

3.11.5 Operational risk management

Operational risk refers to the risk of loss arising from inappropriate or problematic internal procedures, incompetent personnel or IT systems, or external events. In view of the various aspects and wide range of operational risks, the Company's operational risk management is based on the management principles of prudence, comprehensiveness, matching and effectiveness, strengthen the establishment of operational risk management system, implement internal control system, continue to carry out various businesses steadily and reduce or prevent losses from operational risk. In the process of operational risk management, within the risk limits set by the Board of Directors, the Company will, through measures such as improving the risk management mechanism, strengthening risk prevention and control in key areas, conducting in-depth risk monitoring and pre-warning, improving assessment and evaluation mechanism, and cultivating operational risk prevention culture, further improve operational risk management capabilities and effectiveness, and prevent and reduce operational risk losses.

During the reporting period, by striving for the goal of preventing losses arising from systematic operational risk and major operational risk, the Company continued to improve its operational risk management system. Firstly, the Company revised the group-level operational risk management policies of the Company and formulated the "Measures for Administration of Operational Risk of China Merchants Bank Co., Ltd.", "Management Regulations on Operational Risk Position of China Merchants Bank", "Measures for Administration of Operational Risk Events and Losses of China Merchants Bank", "Measures for Administration of Operational Risk Self-assessment of China Merchants Bank" and other rules and regulations in accordance with the "Rules on Capital Management of Commercial Banks" and the "Rules on Operational Risk Management of Banking and Insurance Institutions". Secondly, the Company focused on risk control in key business areas, strengthened the management for the corporate fund supervision business and cooperative institutions, and put forward targeted suggestions regarding risk management improvement. Thirdly, the Company strengthened outsourcing risk management and reviewed the risk of outsourcing business of the Bank. Fourthly, the Company focused on network security and data security, reinforced system operation risk management, enriched key risk indicators, and consolidated the foundation of technology security management. Fifthly, the Company further improved management on business continuity by organising the review of business impact analysis and risk assessment, optimising and adjusting the list of major businesses and major systems, and increasing scenarios for risk assessment on business continuity. Sixthly, the Company improved the management tools and functions of the system to enhance its digitalisation capability.

3.11.6 Liquidity risk management

Liquidity risk refers to the risk that the Company is unable to obtain sufficient funds at a reasonable cost in a timely manner to grow its assets, pay maturing debts and perform other payment obligations. The liquidity risk management of the Company is based on the principles of prudence, foresight and comprehensiveness, which is more appropriate for the current development stage of the Company. The current liquidity risk management policies and systems of the Company have satisfied the regulatory requirements and its own management needs.

Based on the principle of separating policy-making, strategy implementation and supervision of liquidity risk management, the Company has established a liquidity risk management governance structure under which the roles, responsibilities and reporting lines of the Board of Directors, the Risk and Capital Management Committee, the Board of Supervisors, senior management, special committees and relevant departments are segregated to ensure the effectiveness of liquidity risk management.

During the reporting period, the central bank kept on adopting a prudent monetary policy, and the inter-bank market maintained reasonable and sufficient liquidity. Based on the analysis of macroeconomic and market trends, the Company dynamically quantified and forecasted the future risk situation, and proactively laid out the asset liability management strategy to achieve the balance between risk and yield. Firstly, the Company constantly promoted the growth of customer deposits with multiple measures adopted to enhance the origination and support of assets, and constantly optimised the asset-liability structure, realising the smooth operation of assets and liabilities. Secondly, the Company strengthened forward-looking forecasts of liquidity indicators, flexibly carried out active liability management of treasury based on the operation of major businesses and indicators, expanded diversified financing channels, and stabilised the sources of long-term liabilities through bond issuance and other means. Meanwhile, on the premise of ensuring the liquidity at a safe level, the Company further improved the efficiency of the capital utilisation through money market, bonds and fund investment. Thirdly, the Company strengthened the management of money market trading strategies to maintain sufficient liquidity reserves, actively conducted open market transactions and played the role of a primary dealer. Fourthly, the Company strengthened liquidity risk monitoring and management for business lines, overseas branches and subsidiaries with reasonable control of maturity mismatches. Fifthly, the Company continued to carry out liquidity emergency management, and effectively improved the ability to respond to liquidity risk events.

As of the end of the reporting period, all liquidity indicators of the Company met the regulatory requirements and the Company had sufficient funding sources to meet the needs of sustainable and healthy development of its business. In accordance with the requirements of the PBOC, the Company's statutory reserve requirement ratio for RMB deposit was 6%, and the statutory reserve requirement ratio for foreign exchange deposit was 4%. The Company's liquidity indicators operated well. Deposits maintained steady growth. Liquidity reserves were sufficient and overall liquidity was at a safe level.

For more information about the Company's liquidity risk management, please refer to Note 60(c) to the financial statements.

3.11.7 Reputational risk management

Reputational risk refers to the risk that the Company might be negatively evaluated by relevant stakeholders, the public and the media due to behaviors of the Company, its employees or external incidents, which is detrimental to the brand value and normal operation of the Company, or, to the extent, affects the market and social stability. Reputational risk management is an important part of the corporate governance and the overall risk management system of the Company, covering all activities, operations and businesses undertaken by the Company and its subsidiaries. The Company has established and formulated the reputational risk management rules and system by taking the initiatives to effectively prevent the reputational risk and coping with any incidents in relation to reputation, so as to reduce loss and negative impact to the greatest extent.

During the reporting period, the Company strictly fulfilled the requirements of the "Rules on Reputational Risk

Management of Banking and Insurance Institutions", further developed the reputational risk management system following the management principles of forward-looking, full-coverage, matching and effectiveness, and enhanced its capability of managing reputational risk. Firstly, the Company adhered to a prevention-first approach, taking early steps, paying attention to early and minor issues and conducting regular inspections to identify risks in a timely manner and improve the quality and efficiency of potential risk disposal. Secondly, the Company strengthened public opinion events monitoring, optimised monitoring methods, redoubled monitoring efforts, and enhanced the proactiveness in public opinion events monitoring and risk response. Thirdly, the Company emphasised on addressing both symptoms and root causes. In addition to properly handling of public opinion events, the Company also investigated the causes thereof, pushing for improvements in operation management and services. Fourthly, the Company reinforced coordination and empowerment by intensifying reputation risk management trainings among Head Office departments, branches and subsidiaries. The Company strengthened contingency drills for public opinion events and established a coordinated mechanism for public opinion events management across various regions, continuously elevating the professional and standardised levels of reputation risk management.

3.11.8 Compliance risk management

Compliance risk refers to the risk of being subject to legal sanctions, regulatory punishments, material financial losses, and reputational losses as a result of failing to observe the laws, rules and standards. The Company set up three lines of defence for compliance management comprising business lines, compliance management department and auditing department through the establishment of a reticulate management structure comprising the Risk and Capital Management Committee under the Board of Directors, the Risk and Compliance Management Committee, heads of compliance, compliance officers as well as compliance supervisors of the Head Office and its branches, thereby forming a compliance management organisational system with well-developed organisation, clearly defined rights and responsibilities, reasonable work allocation and mutual coordination and collaboration. Meanwhile, through system management, compliance risk assessment and monitoring, construction of compliance culture, management of employee behavior and system building, the Company continuously improved compliance risk management techniques and optimised management procedures and established a complete and effective compliance risk management system to achieve effective control of compliance risks.

During the reporting period, in the face of the severe and complex domestic and international environment, risk and challenges, the Company took active coping measures and continued to consolidate its internal control and compliance management system through various measures. The first was to establish a system for internalising external regulations, strengthen the interpretation and conveyance of the new regulatory requirements, and reinforce the implementation of the new regulatory requirements in the Company. The second was to keep a close eye on legal compliance reviews, effectively identify, evaluate and prevent the compliance risks of new products, new businesses and major projects. The third was to organise diversified compliance culture publicity events of "compliance with laws and disciplines", and continuously reinforce employee behavior management. The fourth was to tighten up supervision, inspection, rectification and accountability procedures, promote the implementation of relevant work mechanisms, and improve the quality and efficiency of inspection and rectification. The fifth was to continuously deepen the digitalisation of internal control and compliance, and lay a solid foundation for high-quality development of the Company.

3.11.9 Money laundering risk management

Money laundering risk refers to the risk that the Company may be exposed to because of being used by the three types of activities, namely "money laundering", "terrorist financing" and "proliferation financing" in the course of conducting business and managing operations. The Company has established a relatively sound money laundering risk management mechanism, including a money laundering risk management structure with clear responsibilities assumed by the Board of Directors, the Board of Supervisors, senior management, functional departments, branches and subsidiaries, an anti-money laundering system with comprehensive coverage, an effectively operating risk assessment and dynamic monitoring mechanism, scientific and reasonable anti-money laundering data governance mechanism, targeted management strategy of customers and businesses associated with high risks, advanced and efficient IT system support, independent inspection and auditing mechanism, as well as continuous anti-money laundering training and promotion mechanism, so as to provide compliance guarantee for the Company's stable operations.

During the reporting period, the Company proactively fulfilled its anti-money laundering obligations and constantly improved the quality and efficiency of its money laundering risk management. The Company optimised the money laundering risk management policies and procedures, and improved the anti-money laundering mechanism in strict compliance with the laws and regulations and regulatory requirements in relation to anti-money laundering. Based on the money laundering risk assessment of the institution, the Company identified and assessed high-risk customers, businesses, channels and regions, and identified and analysed management loopholes and weaknesses, so as to formulate improvement measures to enhance the effectiveness of money laundering risk management and coordinate their implementation. The Company organised anti-money laundering inspections and strengthened the closed-loop management of "inspection-rectification-verification", focusing on promoting money laundering risk management of high-risk customers and businesses. The Company deepened the AI application, improved the tools for monitoring suspicious transactions and endeavoured to enhance the quality and efficiency of suspicious transaction monitoring and analysis. The Company continued to increase technology input in key anti-money laundering fields, upgraded and iterated the system functions of anti-money laundering platforms, and empowered business lines, branches and sub-branches to carry out proactive management. Additionally, the Company also continued to promote the deployment of the Group's anti-money laundering system in the overseas branches and subsidiaries, so as to safeguard the unified implementation of the Group's anti-money laundering policies in the overseas branches and subsidiaries.

3.12 Outlook and Coping Tactics

In 2024, facing pressures such as steepening interest rate declines and insufficient domestic demand, China's banking industry adhered to prudent operations while promoting high-quality development of the real economy. The industry maintained rapid growth in asset scale, although revenue and net profit growth continued to face pressure, and the overall asset quality remained stable. In 2025, China's banking industry will steadfastly follow the path of financial development with Chinese characteristics, actively implement macro-control policies, fully support the development of new quality productive forces and the "five major articles", orderly and effectively prevent risks, and promote high-quality development of China's financial sector.

Looking ahead to 2025, on the international front, the new Trump administration may continue to support the resilience of the U.S. economy, but it also brings reflationary pressures, limiting the US Federal Reserve's room for rate cuts. Japan has basically overcome the long-term deflation, and the Bank of Japan may continue to raise interest rates. Attention should be paid to the impact of the tighter liquidity for Japanese yen on asset valuations around the globe. The European economies remained weak, and the interest rate level of the European Central Bank will still have room to fall. The US-European interest rate spread will continue to support a relatively strong US dollar.

On the domestic front, with active policy support, supply and demand in the economy are expected to become more balanced, with both volume and price recovering in tandem. Exports face challenges from U.S. tariffs on Chinese goods, while the initial stages of global supply chain restructuring will provide support, which may lead to a moderate convergence in China's economic growth. The importance of domestic demand in China has significantly increased, and consumption is boosted by policies, thus economic momentum is expected to rise markedly. Infrastructure investment is expected to maintain relatively high growth, manufacturing investment growth is expected to remain elevated, and the decline in real estate investment may marginally narrow. Macro policies are expected to become more proactive and effective, with fiscal policy continuing to ramp up efforts and becoming more supportive. Meanwhile, monetary policy will be moderately accommodative, with timely cuts in reserve requirement ratio and interest rate reductions. In summary, the coordinated efforts of various policies will stabilise market expectations, stimulate vitality, and act as a driving force to promote high-quality development, bringing new opportunities for the banking industry.

Based on the macroeconomic situation and internal development goals, the Company plans to increase both the total deposits from customers, and the total loans and advances to customers by approximately 7% to 8% in 2025.

In 2025, the Company aims to benchmark itself against world-class commercial banks, further advance the value creation bank strategy, and forge first-class strategic execution capabilities, customer service capabilities, management capabilities, innovation capabilities, talent capabilities, and technological capabilities. At the same time, the Company will actively cultivate values, business philosophies, and corporate culture, creating more and greater value for customers, employees, shareholders, partners, and the society, and contributing to the construction of a financial powerhouse and the path of financial development with Chinese characteristics.

Firstly, the Company will seize market opportunities and serve the steady improvement of the real economy. The Company will seize opportunities from the launch of a batch of incremental policies aimed at expanding domestic demand, stabilising the market, mitigating risks, and ensuring people's livelihoods, expand input of resources, continuously innovate and improve specialised and differentiated product and service systems, maintain reasonable growth in credit supply and substantive improvement in quality, and continuously enhance the ability, quality, and effect of serving the real economy. The Company will focus on policies and market opportunities such as the "Two Renewal Campaigns" and "Two Major Plans",[29] capitalising on special refinancing facilities for stock repurchases and buybacks, policies to stabilise the property and stock markets, and those to promote consumption, while working hard to realise the "whitelist" expansion and efficiency enhancement for real estate financing and formulate targeted service plans. The Company will continue to excel in technology finance, green finance, inclusive finance, retirement finance, and digital finance, i.e., the "five major articles". The Company aims to serve the national strategy for regional coordinated development and support the industrial cluster development trend, improve differentiated policies and mechanisms, and enhance the survival, competitiveness, and development capabilities of branches and sub-branches in key regions.

[29] "Two Renewal Campaigns" refers to large-scale equipment renewals and consumer goods trade-in programs. "Two Major Plans" refers to the plans to execute major national strategies and build security capacity in key areas.

Secondly, the Company will forge advantages and promote balanced and synergistic development of the four major segments. The Company will continuously expand the leading systematic advantages of the retail finance sector, continuously strive towards the goal of becoming "the best retail bank in China driven by innovation, leading the market, and with an excellent brand", and accelerate the innovation and upgrading of products, services, and models. The Company will continue to build specialised advantages in corporate finance, expand high-quality customer groups, strengthen specialised products, upgrade the service system, and enhance differentiated competitiveness. The Company will promote the investment banking and financial markets segments to further tap market potential, strengthen professional, systematic, and ecological construction, and create new growth poles. The Company will benchmark its the wealth management and asset management segments to the first-class level, drive transformation and upgrade, and continuously expand, optimise, and strengthen the business.

Thirdly, the Company will strengthen comprehensive risk management and consolidate a fortress-style comprehensive risk and compliance management system. The Company will strengthen comprehensive risk management, keep pace with the times, make forward-looking research and judgements, and strictly guard against various risks, adhere to the "substance over form" doctrine, reach to the underlying assets, and reach every institution and level, ensuring that risk management is comprehensive and all inclusive. The Company will prevent and resolve risks in key areas, as well as optimise business and risk strategies in real estate, local government debt, and other areas in a timely manner in line with the latest national and regulatory policies. The Company will proactively prevent risks associated with retail credit, industries with supply-demand mismatches, and the stock, bond and foreign exchange markets, conduct risk monitoring and early warning, and ensure the steady business development. The Company will strengthen internal control and compliance management, intensively carry out the "Compliance Performance Year" activities, continuously adapt internal rules to fit with external regulations, continuously improve the compliance management mechanism, strictly regulate and effectively strengthen accountability management, and further strengthen risk control over sanctions and anti-money laundering. The Company will advance the digital and intelligent transformation of risk and compliance management, continuously promote system construction, improve various measurement models, and explore the application of AI technologies such as large language models.

Fourthly, the Company will adhere to strict management and strengthen the guarantee for high-quality development. The Company will strengthen asset-liability management, further construct the asset-liability management system from a customer perspective, achieve multi-objective balance management, and maintain a leading net interest margin and stable liquidity indicators. The Company will strengthen cost management, vigorously build a lean and standardised cost management system, and establish a secure long-term mechanism. The Company will strengthen budget and performance management, strengthen strategic orientation, budget setting, comprehensive coverage, and closed-loop management. At the same time, the Company will put emphasis on team management, building a "professional, diverse, market-driven, and international" talent management system. The Company will strengthen consumer rights protection management, vigorously carry out the "Complaint Management Campaign", organically integrate consumer rights protection management into business operations, and effectively enhance the service capabilities of the Bank. The Company will upgrade operations management, pursue smart operations, continuously strengthen centralisation and intensification of operations, and enhance customer experience.

Fifthly, the Company will accelerate transformation through the "Four Initiatives", and build sustainable development capabilities. The Company will accelerate "the Internationalisation Initiative", continuously improve the cross-border financial service system, boost the internationalisation level of management and talent and enhance global service capabilities. **The Company will extensively advance "the Comprehensive Operation Initiative"**, fully leverage the advantages of a fully-licensed bank and a full spectrum of business to strengthen the service capabilities and competitive advantages of the Group, provide customers with comprehensive services, while promoting the development of all business segments and units and striving for more diversified and stable income streams. In particular, **the Company will create competitive strengths through "the Differentiation Initative"**, adhere to differentiated development positioning, and focus on segment markets and key regions. Meanwhile, the Company will focus on differentiated competition in key areas, develop its distinctive advantages, drive broader progress from key areas, so as to achieve stronger overall competitiveness. **The Company will accelerate transformation through "the Digitisation and Intelligence Initiative"**, build a powerful foundation of digitisation and intelligence of "cloud + AI + middle office", develop leading large model capabilities, actively explore "AI + finance" and "people + digital intelligence" models, drive the all-around digital and intelligent upgrade of product service and business management, and build a Digital & Intelligent CMB.

Employee value stands as the bedrock of all value.

Seamlessly integrating employees' personal development with the Bank's growth to build the "best bank in employee development".

Environmental, Social and Governance (ESG)

4.1 ESG Review

The Company adheres to the concept of social responsibility of "originating from society and repaying society", takes "being committed to sustainable finance, enhancing sustainable value and contributing to sustainable development" as the sustainable development goal, integrates the concept of Environmental, Social and Governance (ESG) into the daily operation and management of the Company, constantly improves the sustainable development management mechanism, fully communicates with stakeholders, effectively fulfills corporate social responsibility and continuously promotes high-quality financial development.

In 2024, the Company's MSCI ESG rating was upgraded to grade AAA. In 2024, the Company achieved the social contribution value of RMB16.92 per share (calculated on the Group's statistical calibre)[30].

For further information on the ESG of the Company, please refer to China Merchants Bank Co., Ltd. Sustainability Report 2024 published on the websites of the Shanghai Stock Exchange, Hong Kong Exchanges and Clearing Limited and the Company.

4.2 Environmental Information

During the reporting period, in active response to the national strategic objectives of carbon peak and carbon neutrality, the Company explored the establishment of a climate risk management system to incorporate ESG risks (including climate) into daily office operation and business development process, and formulated action plans and specific measures to cope with climate change from both business and operational perspectives, thereby contributing to the green and sustainable development of economy and society. During the reporting period, the Company did not experience any unexpected major environmental incidents, nor was it subject to any serious administrative penalties or criminal liabilities imposed by the Ministry of Ecology and Environment and other relevant departments as a result of environmental incidents.

4.2.1 Environmental (climate) related governance framework

The Board of Directors of the Company plays its strategic leadership role in environmental (climate) management and green finance, regularly reviews the sustainable development report, strategic implementation report, periodic report and comprehensive risk report with the Board of Supervisors, and effectively assumes its primary responsibility for environmental governance, climate risk management and green finance, so as to improve the Company's ESG management capability and performance. At the same time, relevant special committees under the Board of Directors are in place to highlight the Company's concern about environmental (climate) management, green finance and green operation, and provide professional opinions and advice to the Board of Directors.

In terms of green finance, the Green Finance Business Development Committee of the Company is responsible for coordinating and promoting work related to green finance across the Bank, including formulating strategic plans, development targets, key customer bases and business operation strategies regarding green finance, and promoting green finance product service system and green risk management system construction, contemplating resource allocation and green assessment supporting policies, advancing information disclosure competency, building green finance brand, and enhancing the effectiveness of the Company's ESG governance. Meanwhile, the special committee has set up relevant project teams that operate in close and effective coordination and collaboration. In terms of green operation, the Company upgraded the original "Green Operation Team" to the "Green Operation Management Committee". The Green Operation Management Committee is mainly responsible for the planning, resolutions review, implementation and supervision related to green operation, ensuring the effective implementation of decisions and measures related to green operation, and coordinating 13 departments of the Head Office and 7 major subsidiaries to collaboratively promote the establishment of the carbon management system for the Company's operation.

30 Social contribution value per share = basic earnings per share + (taxes paid + employee expenses + interest expenses + total external donations)/total share capital of ordinary shares at the end of the period.

At the same time, the Company has established a green finance team at the General Office of Corporate Finance of the Head Office, which is responsible for the coordination and operation of the development of the green finance business across the Bank, including the formulation of business strategies for green customer groups and customer base construction, product and service system construction and asset origination, comprehensive management and professional talent cultivation, etc.

Domestic and overseas branches and sub-branches and subsidiaries of the Company continue to enrich and improve green finance products and services according to local conditions and based on the regional characteristics and their own business development advantages. As of the end of the reporting period, green finance business personnel were appointed at the office of corporate finance of domestic branches, who were responsible for promoting the development of green finance business within their respective jurisdictions according to the unified arrangement of the Head Office.

The Company has been actively promoting the building of green sub-branches and encouraging its branches and sub-branches to explore the innovation of green financial systems and mechanisms in the state-level green financial reform and innovation pilot zones. As of the end of the reporting period, green branches and sub-branches such as Longyou Green Finance Specialised Sub-branch in Quzhou (衢州龍游綠色專營支行) and Changjiang Green Sub-branch in Wuhan (武漢長江綠色支行) had been set up, and the Huzhou Branch had been designated as a green finance pilot.

4.2.2 Environmental (climate) risk response at the business side

During the reporting period, the Company formulated the "Credit and Investment Policies of China Merchants Bank for 2024 《招商銀行2024年授信與投資政策》" applicable to all of the investment and financing business. The policy includes a special chapter on green finance, which specifies the overall objectives and specific strategies of green finance, and calls for the continuous improvement of policies and systems, and the effective enhancement of the full-process management of ESG risks (including climate risks).

In terms of risk appetite, based on the external macro situation, changes in regulatory policies and the Company's strategic planning, the Company took into account existing risk management to clarify the requirements for green finance.

In terms of customer access, the Company adhered to the "one-vote veto mechanism" for ESG assessment, explicitly requiring projects and customers to comply with national environmental protection standards in terms of site selection, production processes, resource consumption and pollutant emissions, and not to intervene in "two-high and one-low" projects with high energy consumption, high carbon emissions and low efficiency. The Company also strictly reviewed enterprises in environmentally-sensitive industries with high levels of pollution and emissions. For projects and enterprises that do not comply with requirements of ESG (including climate) and relevant industrial policies, the Company shall not grant credit and shall recover the financing already granted.

In terms of customer classification, the Company formulated the "Administrative Measures for the Green Classification of Corporate Customers and Loans of China Merchants Bank 《招商銀行對公客戶與貸款綠色分類管理辦法》", which classifies corporate customers and loans into "three colours and four categories (三色四類)", including green (Friendly I and Friendly II), blue and red, in accordance with the extent of environmental impact of the enterprise or project, as well as the level of exposure to ESG risks in terms of energy consumption, pollution, land, health, safety, migration and resettlement, ecological protection, climate change, etc.

In terms of risk monitoring, the Company comprehensively collected official information from the National Development and Reform Commission, the Ministry of Ecology and Environment, the Ministry of Industry and Information Technology and other governmental and regulatory authorities, as well as feedback from the media and the social public, and information from on-site surveys conducted by business personnel, to monitor and assess the ESG risks of investment and financing clients or projects in a dynamic manner.

In terms of inspection and supervision, the Company formulated the "Guiding Opinions on Risk Inspection and Supervision for 2024 《關於2024年風險檢查監督工作的指導意見》", clearly including green finance into the scope of daily risk inspection and supervision, and set up key points of relevant inspection and supervision. The development of green finance was included in the inspection of branches and sub-branches, so as to identify problems and urge them to implement rectification in a timely manner.

In terms of special audits, the Company implemented special audits on green finance management in 2024 to improve internal management, strengthen risk management and control, and improve the operation and management system of green finance.

4.2.3 Green finance

In terms of green credit, during the reporting period, the Company constantly improved the management systems, as well as incentive and restraint mechanisms of green credit to meet the requirements of the Green Finance Guidelines of regulatory authorities. As of the end of the reporting period, the Company's green loan balance was RMB488.200 billion, representing an increase of 9.03% as compared with the end of the previous year, mainly in the fields of energy conservation and environmental protection, clean production, clean energy, ecological environment, green upgrade of infrastructure and green services. During the reporting period, carbon emission reduction loans of RMB15.001 billion were issued to 118 projects, with a weighted average interest rate of 3.00%, resulting in a carbon emission reduction of 2,704,800 tons. During the reporting period, the Company granted RMB785 million of carbon emission reduction-linked loans. CMB Financial Leasing, a subsidiary of the Company, granted loans of RMB73.388 billion in green leasing business, accounting for 65.68% of total loans granted by CMB Financial Leasing, with a closing loan balance for green leasing business amounting to RMB144.913 billion, representing an increase of 19.27% as compared with the end of the previous year.

In terms of green deposits[31], the Company not only met the deposit needs of corporate customers, but also helped them to closely integrate environmental protection responsibilities with development practices. During the reporting period, the Company successfully launched green deposit services online through CMB Corporate U-Bank, and conducted in-depth promotion and training on green deposits to promote the implementation of green deposit services. As of the end of the reporting period, a cumulative amount of RMB12.162 billion in green deposits had been processed.

In terms of green bonds, as at the end of the reporting period, the balance of proceeds from outstanding RMB-denominated green finance bonds and overseas USD-denominated green bonds within the lifetime of the Company amounted to RMB15.0 billion and USD1.9 billion, respectively. In addition, the balance of proceeds from outstanding overseas USD-denominated social responsibility bonds, sustainable development bonds and blue bonds of the Company amounted to USD700 million. The funds raised from the domestic and overseas ESG financial bonds of the Company mainly supported industries such as energy conservation and environmental protection, clean production, clean transportation, marine resources protection, clean energy, green upgrade of infrastructure, etc. During the reporting period, the Company assisted 32 companies in issuing 68 green bonds, of which the Company has lead-underwritten a total value of RMB24.835 billion, and the funds raised were invested in the construction and operation of renewable energy facilities, comprehensive utilisation of solid waste, advanced environmental protection equipment manufacturing, urban environmental infrastructure, building energy conservation and green buildings and other fields. During the reporting period, CMB International Capital, a subsidiary of the Company, assisted 25 companies in issuing 30 green bonds, with a fundraising scale of USD11.024 billion, representing a year-on-year increase of 84.35%.

In terms of green investment, the Company and its subsidiaries continued to practise the ESG investment philosophy, and actively participated in green bond investment transactions with their own funds, giving priority to assets that meet the requirements of the "Green Bond Endorsed Projects Catalogue (《綠色債券支持項目目錄》)" of the People's Bank of China. As of the end of the reporting period, the green bonds held by the Company amounted to RMB27.713 billion, representing an increase of 16.36% as compared with the end of the previous year. CMB Wealth Management gave priority to the investment in green bonds. As of the end of the reporting period, the balance of investments in green bonds was RMB18.973 billion. China Merchants Fund insisted on taking social responsibility, ESG guidelines and "dual carbon" strategy as the direction of product deployment. As of the end of the reporting period, China Merchants Fund had 10 existing ESG-related products, with an existing fund size of RMB9.177 billion. CMB International Capital actively promoted the transformation, upgrading and sustainable development of the green industry. During the reporting period, it invested in 1 green finance industry project, and newly established and successfully filed a green industry investment fund, with scale of fund filing of RMB360 million.

In terms of green wealth management, as of the end of the reporting period, the Company had a total of 19 existing ESG-themed wealth management products from its agency distribution, with an existing fund size of RMB13.134 billion. CMB Wealth Management, a subsidiary of the Company, proactively introduced wealth management products with ESG philosophy. As of the end of the reporting period, a total of 8 ESG-themed wealth management products had been launched by CMB Wealth Management, with an existing fund size of RMB7.691 billion.

[31] Green deposit is a green finance product that raises funds for sustainable projects of green economy, helping drive the economic transition to low carbon, climate change adapted and sustainable development.

4.2.4 Green operation

In terms of green operation, the Company focused on the establishment of carbon management system for operation, consolidation of carbon emission statistics, improvement of the quality of carbon accounting, promotion of the implementation of carbon emission reduction measures and study of carbon offset options in accordance with the green operation work plan, with a view to deepening and implementing the green operation work.

In terms of carbon management for operations, the Company further improved its governance structure, systems and mechanisms, management system and performance appraisal to improve its carbon management system for operations. The Company has formulated the "Management Measures for Carbon Accounting of China Merchants Bank's Operations" to provide important institutional guarantee for green operation work. The Company has established a carbon management system to optimise the collection, processing and analysis of carbon emission sources data, and realised the digital, standardised and online access to energy consumption and emission information, providing reliable digital and intelligent tools for green operation work. In addition, the Company promoted carbon management knowledge reserve and capacity building to enrich the professional talent team. The performance appraisal indicators of "green operation" have been set up at the Head Office, branches and subsidiaries, and carbon accounting for operations was included in the data quality appraisal.

In terms of carbon accounting for operations, the Company organised and carried out special work to improve the greenhouse gas data quality of its own operations at corporate levels. By reviewing the historical data of greenhouse gas accounting for its own operations, the Company clarified the standards and collection requirements for greenhouse gas emission data of its own operations, and further improved the integrity, timeliness and accuracy of the greenhouse gas accounting data for operations. Additionally, the Company organised subsidiaries to conduct a comprehensive inventory of the greenhouse gas emission sources of their own operations in the past four years, and sort out the greenhouse gas footprints to get a clear picture of greenhouse gas emissions for their own operations.

In terms of carbon emission reduction for operations, the Company promoted the implementation of carbon emission reduction measures of key institutions with the help of the carbon emission reduction toolbox for operations; actively promoted green operation, enhanced the awareness of carbon emission reduction, and improved the management efficiency of carbon-related resources; and provided specific fund to support the energy conservation transformation.

In terms of energy management, the Company comprehensively strengthened technological empowerment and behaviour guidance. The Company expanded the scope of use of the energy management platform and, as of the end of the reporting period, it realised automatic collection and real-time monitoring of electricity consumption data of 54 office buildings of the Head Office and branches and 174 sub-branch offices. Besides, the Company carried out special training on green operation, established a bank-wide communication platform, and promoted simple and practicable measures and experience such as energy-saving AI assistant and daily floor inspection, so as to comprehensively improve employees' awareness of energy conservation.

In terms of paper management, the Company actively promoted paper saving. In terms of paperless office, the Company promoted paperless office and electronic business cards function, and advocated double-sided printing. In terms of paperless reimbursement, the Company was the first banking financial institution in China to realise the transformation of the reimbursement process of "no paper invoices, no manual review and no trouble reimbursement (無紙單據、無人審核、無感報銷)". During the reporting period, the Company realised 1.1381 million paperless reimbursements, saving 4.5524 million pieces of paper. In terms of the electronic seal, the Company has a self-developed electronic seal full-scenario application and anti-counterfeiting certification service system. During the reporting period, the electronic seal was used 127 million times, saving 183 million pieces of paper. In terms of paperless business operations, the Company realised the electronic business agreement through the "E-stack agreement management platform (E棧協議管理平台)", and realised the paperless business operation approval and handover across the Bank through the "paperless platform", saving 46.5888 million pieces of paper. In terms of the paperless credit card services, all personal credit card products supported paperless application, and credit card customers were encouraged to use electronic bills, thus saving 1.930 billion pieces of paper for paper bills during the reporting period. In terms of the paperless procurement, the Company gradually realised the electronification of the whole process of the centralised procurement and decentralised procurement across the Bank, and introduced third-party digital certificates to realise online bidding and contract signing, saving approximately 23.1312 million pieces of paper throughout the year.

In terms of water resources management, the Company advocated the recycling of wastewater to reduce water resources consumption. The Head Office Tower enhanced the efficiency of peripheral cleaning and watering of green plants and realised intensive use of water resources through water-saving operations such as high-pressure water cannon cleaning and drip irrigation technology, and used air-conditioning condensate for landscape water replenishment after treatment.

In terms of waste management, the Company continued to strengthen the management of cooking fume and food waste in the restaurants. Water wash hoods were installed in the restaurants at the Head Office, which effectively improved air quality. The Company has created a good anti-food waste atmosphere by putting up warning signs and slogans and carrying out anti-waste activities, etc. The meals were prepared scientifically based on historical dining data to reduce waste at the source. During the reporting period, the total amount of food waste of the restaurants at the Head Office decreased by 36.97% year-on-year.

4.3 Social Responsibility Information

4.3.1 Serving the real economy

The Company closely followed the transformation and development trend of the national economy, firmly complied with the requirements of national policies, and increased loan extension in key areas such as green economy, manufacturing, technological innovation and inclusive economy for small- and micro-sized enterprises, so as to continuously improve the quality and efficiency in serving the real economy. As of the end of the reporting period, the Company's balance of loans extended to manufacturing industry was RMB641.476 billion, representing an increase of 15.56% as compared with the end of the previous year; and balance of loans extended to sci-tech enterprises was RMB590.456 billion, representing a 9.73% increase as compared with the beginning of the year. The Company provided comprehensive financial services to 56,600 "specialised, refined, distinctive and innovative (專精特新)" enterprises (including state-level "little giants" and provincial and municipal small- and medium-sized enterprises that are categorised as "specialised, refined, distinctive and innovative (專精特新)" enterprises), of which 13,760 enterprises had a loan balance of RMB242.802 billion. During the reporting period, the Company granted loans totalling RMB622.533 billion to inclusive small- and micro-sized enterprises. At the end of the reporting period, the balance of loans extended to inclusive small- and micro-sized enterprises was RMB887.679 billion, representing an increase of 10.37% as compared with the end of the previous year. At the same time, the Company actively supported the comprehensive promotion of rural revitalisation by increasing its grants in agriculture-related loans to promote the integrated development of urban and rural areas. As of the end of the reporting period, the balance of the Company's agriculture-related loans amounted to RMB241.041 billion[32], representing an increase of 19.85% as compared with the beginning of the year, of which the balance of inclusive agriculture-related loans amounted to RMB23.000 billion, representing an increase of 29.06% as compared with the end of the previous year.

CMB Wealth Management, a subsidiary of the Company, continuously directed the wealth management fund towards the real economy, particularly to support the financing of enterprises in scientific and technological innovation, infrastructure and energy fields that are in line with economic transformation and upgrading. As of the end of the reporting period, the total balance of CMB Wealth Management's wealth management investment assets supporting the real economy amounted to RMB1.89 trillion.

China Merchants Fund, a subsidiary of the Company, has been actively practicing the duty and mission of serving the real economy, guiding the funds towards real economy-based enterprises with core technology and potential for sustained value growth, and towards the key areas and weak links of economic and social development, so as to provide "new growth engines" for the construction of a modern industrial system and the fostering of new quality productive forces. As of the end of the reporting period, China Merchants Fund had directly invested in strategic emerging industries of more than RMB91.577 billion and invested more than RMB147.708 billion in small- and medium-sized enterprises.

CMB Financial Leasing, a subsidiary of the Company, focused on new quality productive forces in a comprehensive manner, and placed RMB70.669 billion in new quality productive forces leasing business for the year, representing a year-on-year increase of 36.13%. With the aim of supporting the high-quality development of large aircraft business in China, the Company delivered two C919 aircrafts to customers and became the first financial leasing company in the industry to provide lease financing for China's homegrown C919 large aircraft. CMB Financial Leasing has vigorously carried out the integration of industry and financing and cooperated with domestic shipbuilding enterprises which have successfully built a total of 118 vessels, with a balance of assets of RMB20.692 billion, actively supporting the development of shipbuilding enterprises in China. At the same time, CMB Financial Leasing has closely followed the footsteps of overseas investment layout and overseas project contracting of Chinese enterprises, served Chinese enterprises in "going global", and took the lead in carrying out cross-border leasing projects with operating leasing products, which has successfully solved overseas financing problems for Chinese enterprises, and expanded the market for "Made in China" equipment manufacturers.

32 Agriculture-related loans are calculated based on the latest statistical calibre of the People's Bank of China.

CMB International Capital, a subsidiary of the Company, made full use of its differentiated professional advantages to provide corporate clients with comprehensive financial services such as sponsoring and underwriting services for Hong Kong listing activities, placing and rights issue of listed companies, bond issuance, asset management and financial advisory. During the reporting period, CMB International Capital focused on the new quality productive forces and the core track of supply chain (namely "strengthening and replenishing the supply chain"), and invested in a total of 24 projects, contributing to the high-quality development of the real economy.

4.3.2 Supporting the improvement of people's livelihood

In the field of education, the Company has continuously provided agency settlement services for students with locally granted student loan from China Development Bank from 2022, including online account opening, loan extension, identity verification for renewal application, loan repayment, etc. At the same time, the Company provides value-added services such as "Dream Building Scholarships", employment internship support, and travel insurance for students with locally granted student loan from China Development Bank. As of the end of the reporting period, the Company has provided agency disbursement services for over RMB10 billion of national student loans from China Development Bank. The Company has cooperated with 167 education authorities nationwide at all levels to help safeguard the legitimate rights and interests of students and parents who have prepaid for lessons. As of the end of the reporting period, a cumulative total of 122 million times have been secured for parents' funds for purchasing lessons. Meanwhile, the Company has empowered more than 1,200 K12 schools through fintech, providing convenient digital campus services to 635,100 students and parents and helping to promote the digitisation of education.

In the field of housing, the Company assisted in the implementation and risk prevention of policies related to flexible employees through digital means. As of the end of the reporting period, the Company cooperated with 26 housing provident fund centres on the contribution to the housing provident fund for flexible employees, assisted in the establishment of the contribution and loan system, information system and business process applicable to flexible employees, aiming to benefit more people with housing provident fund system. At the same time, the Company actively built AI intelligent customer service, intelligent approval platform, business fund management and other digital products and services, helping local housing provident fund centres improve their digital and intelligent level of operation, service and management, and providing 7×24 uninterrupted services to contributors. As of the end of the reporting period, the Company engaged in digital cooperation with 107 housing provident fund centres.

As one of the banks cooperating with the National Housing Provident Fund Public Service Platform of the Ministry of Housing and Urban-Rural Development, the Company continued to provide services such as account inquiry, offsite transfer and continuation, information inquiry and authorisation for contributors, and joined in the promotion of the personal certification of housing provident fund featuring "showing code, serving you (亮碼可辦)". During the reporting period, the number of people served online by the Company's housing provident fund scenario reached 11,106,000.

In the field of medical insurance, the Company assisted in promoting the activation and application of medical insurance code, and provided insured persons with online services such as medical insurance code activation, payment and inquiry, and launched the QR code display by long-pressing the CMB APP icon, so as to continuously optimise operational convenience. The Company also participated in the broad-range promotion of medical insurance, and supported insured persons in various provinces to pay medical insurance premiums via APP and outlets. With the introduction of large language model and artificial intelligence technology, the Company facilitated the medical insurance organisations to improve their management efficacy, and supported "nearby service (就近辦)" and "on-line service (掌上辦)" for medical insurance, making the medical insurance services more warm-hearted and precise. As of the end of the reporting period, a total of 30.0809 million electronic medical insurance vouchers (medical insurance codes) were activated, serving 18.6569 million insured persons during the reporting period.

The Company actively cooperated with the labour regulation agency to carry out labour security work, continued to deepen the comprehensive financial services for migrant workers' wages supervision, and assisted local government authorities in solving the issue of "arrears of wages" for migrant workers. As of the end of the reporting period, the Company guaranteed the payment of wages for migrant workers amounting to RMB291.600 billion and served 13.5868 million migrant workers.

Please refer to section 3.10.2 "Retirement finance business" for details of retirement finance business.

4.3.3 Accessibility to financial services

The Company continued to iterate and upgrade its "people + digital intelligence" service capability and experience. The Company provided services to customers through its offline outlets, as well as one-to-one manual answering through telephone channels such as the 95555 Remote Operation Service Centre. The Company also provided 24/7 online services through various APPs, and strived to meet the financial and non-financial needs of people through offline outlets and online channels.

In terms of offline channels, the Company continued to promote the construction and layout optimisation of domestic branches and sub-branches. During the reporting period, 13 new outlets were opened and over 100 existing outlets were relocated and optimised. Through scientific enhancement of outlet location and layout and steady progress of outlet establishment, the scope of effective coverage of our outlets was further expanded and more efficient offline financial services were offered to customers.

In terms of online channels, for elderly customers, the Company actively pushed forward the elderly-oriented transformation of service channels in order to render professional and considerate elderly-friendly services to elderly customers. Through proactive identification in 95555 hotline and provision of a more convenient customised service menu, the Company can help elderly customers quickly access the exclusive elderly-friendly manual service line. During the reporting period, the Company provided elderly customers with 427,600 telephone and text quick-access services, with a dedicated telephone line access rate of 98.25% and a customer satisfaction rate of 99.58%. In the customer service interface of the CMB APP "Elderly Version", the Company customised a personalised welcome message for elderly customers, pushed birthday gift activities and wealth management and general consulting questions according to customers' needs, enlarged the font size of some text on the customer service interface to 1.3 times to make the interface of the APP clearer and more convenient for operation. At the same time, the Company set up a professional team for elderly-friendly services to continuously improve the elderly-friendly and accessibility service experience of the APP. As of the end of the reporting period, customers using the CMB APP "Elderly Version" totalled 1.9586 million. For visually impaired customers, the Company opened up the 95555 exclusive customer service "green channel", allowing customers to quickly access manual services. At the same time, trial run of the online and offline service linkage mode was conducted in some branches. With the linkage between online customer service and exclusive customer service at outlets, the visually impaired customers can access services in a smooth manner.

During the reporting period, the Company actively carried out special work to optimise payment services, focusing on key areas such as cash services and foreign currency exchange, and provided high-quality, efficient and convenient payment services to customer groups such as the elderly and expatriates in China. The Company provided comprehensive services in exchange for small changes and set up convenient processing channels. The Company actively participated in the construction of demonstration zones for payment services at key airports. In addition, CMB APP "English Version" and English voice customer service were launched with a focus on the core scenarios of users to enhance payment convenience for expatriates in China.

4.3.4 Network, information and data security

The Board of Directors of the Company has always attached great importance to the work related to network, information and data security. The Board of Directors and its special committees have strengthened the performance of relevant responsibilities in terms of strategic guidance and risk management and have specified the relevant responsibilities in the Articles of Association of China Merchants Bank Co., Ltd. During the reporting period, the "Data Governance Work Summary for 2023 and Work Plan for 2024" and "China Merchants Bank Data Security Management Regulations (Revised and Consolidated Version)" were reviewed and approved.

The Company has established the Information Security Management Committee, chaired by the President and the Chief Information Officer as the Executive Vice Chairman, responsible for the coordination and management of the network and data security. The Information Security Management Committee has set up a data security team led by the Information Technology Department at the Head Office, responsible for coordinating and promoting the management of data security throughout the Bank.

The Company established a comprehensive network security management framework covering four major areas, including Internet service security, intranet security, office security and third-party security, and continuously researched on security management, emergency response and disposal work. The Company established an all-around network security defence system, continuously carried out network security operation, monitored, responded to and addressed various network security threats and attacks, formulated contingency plans for typical network security scenarios and conducted emergency drills annually.

The Company has established a comprehensive data security technical protection system based on data classification, covering all aspects of the data life cycle, including data collection, storage, use, processing, transmission, provision, deletion and destruction. Following the principle of minimum and necessary data collection, the Company has vigorously promoted commercial password protection, regularly launched data backup and recovery drills, effectively implemented technical protection measures such as access control, data desensitisation, digital watermarking, log monitoring and other measures, and upgraded the management level of storage media destruction, monitored and dealt with data security risks. The Company has regularly launched emergency drills for data security incidents, built solid basic data security protection capabilities, and effectively implemented various substantive risk controls to strictly prevent data leakage.

During the reporting period, the Company did not have any major incident of cybersecurity, information and data security.

4.3.5 Customer privacy protection

The Risk and Capital Management Committee of the Board of Directors of the Company effectively fulfills its function of information technology security risk management, including privacy protection. At the specific implementation level, for retail customers, an integrated team of personal information protection has been established at the Head Office, comprising the General Office of Retail Finance, the Information Technology Department and the Legal Compliance Department, which coordinated with the data security working group at the Head Office, and was responsible for overall planning, guiding and coordinating the personal information protection management across the Bank. For corporate customers, the General Office of Corporate Finance of the Head Office took the lead in data security and privacy protection of corporate customer information, while the business management departments of the corporate business were responsible for the protection of corporate customer information in their respective areas of competence. Where the information of associated natural person was involved in the corporate business, the relevant requirements for the protection of corporate personal information shall be followed.

The Company put a high value on customer privacy protection. For retail customers, the Company protected the legitimate rights and interests of individual customers to access, correct and delete their personal information, and each business management department established a convenient mechanism for accepting and processing applications from individual customers to exercise their rights. Individual customers may exercise the rights of access, correction and deletion of personal information through 95555 hotline, CMB APP "Xiao Zhao (小招)", email address at apppersonalprivate@cmbchina.com, outlets and other online and offline channels. Unless otherwise stipulated by laws and regulations, the relevant methods of exercising rights have been clearly provided in the policies and systems such as the "Privacy Policy for Retail Business and APP Users of CMB" and "Instructions for Applying to Open a Personal Bank Account of CMB". For corporate customers, the Company protected customers' rights to access, correct, delete, restrict, revoke authorisation and refuse to process their information. Customers have the right to access, correct and update information through counters, CMB Corporate App and other channels, unless otherwise stipulated by laws, regulations and regulatory policies. On the Company's product and service pages, customers can directly erase or delete bound corporate accounts, message logs, buffer logs and other information. At the same time, they can make requests to the Company for deletion of personal information in accordance with specific circumstances. Users may change the scope of their authorisation for the Company to continue to collect personal information or withdraw their authorisation by deleting the information, turning off the device functions, or setting the privacy settings of the App, or they may withdraw their entire authorisation for the Company to continue to collect personal information by cancelling the user's account.

The Company protected retail customers' and corporate customers' information by adopting security measures that comply with industry standards. Security technology measures, such as encryption and de-identification, were adopted to ensure that customer information handling activities were lawful and compliant, and to prevent unauthorised access and the leakage, alteration and loss of customer information.

During the reporting period, the Company did not have any material leakage of customer privacy.

4.3.6 Consumer rights protection

Consumer rights protection governance structure

The Board of Directors is the highest decision-making body for the Company's consumer rights protection work. It has established the Board of Directors' Related Party Transactions Management and Consumer Rights Protection Committee, which exercises the duties of the Consumer Rights Protection Committee and supervises the senior management to effectively perform their corresponding duties. The senior management of the Company unified the planning and deployment of the Company's consumer rights protection works and designated a senior manager at the head office and each first-tier branch to be responsible for consumer rights protection work. A dedicated consumer rights protection department has been set up to formulate and implement relevant policies and measures. A comprehensive horizontal information sharing and work coordination mechanism has been established to ensure that the legitimate rights and interests of consumers are effectively protected.

Management initiatives for consumer rights protection

With the theme of the "Year for Deepening Management of Consumer Rights Protection", the Company conscientiously implemented various requirements on consumer rights protection. The Company continued to strengthen the management of consumer rights protection during the process of operation management and business, actively maintained a fair and impartial financial market environment, strived to enhance the sense of fulfillment, security and satisfaction of customers, and promoted the high-quality development of consumer rights protection.

During the reporting period, the Board of Directors, the Board of Supervisors and senior management of the Company continued to strengthen the overall planning for the management of consumer rights protection to improve its quality and efficiency. The Board of Directors and the Related Party Transactions Management and Consumer Rights Protection Committee under the Board of Directors organised and held meetings to review 15 issues of consumer rights protection, including the work plan of consumer rights protection and complaint analysis reports; the Board of Supervisors continued to enhance its supervision on the duty performance of the Board of Directors and senior management on consumer rights protection so as to promote the improvement of the consumer rights protection management capability across the Bank; the senior management deployed consumer rights protection work at the annual and interim work meetings for 2024 and heard the reports thereon on a monthly basis, effectively playing the role of coordination and organisation; and the Company reviewed complaint analysis reports of the Bank on a monthly basis, so as to study and resolve key complaint issues.

During the reporting period, the Company continuously made amendments to six systems, including regulations on the management of consumer rights protection, consumer rights protection review and financial knowledge marketing and promotion, in accordance with the latest requirements of regulatory authorities and work practices, which further improved the framework of the consumer rights protection system with the rules of procedure of the Board of Directors and its specialised committees as top-level design, the Working Regulations for Consumer Rights Protection and Service Supervision Management Committee《消費者權益保護與服務監督管理委員會工作規程》as guideline and the Regulations on the Management of Consumer Rights Protection《消費者權益保護工作管理規定》as main body, supplemented by a series of supporting systems and work mechanisms, so as to promote the effective implementation of consumer rights protection requirements for the management of all products and services of the Bank.

The Company continued to optimise its consumer rights protection review system and improve the quality and efficiency of consumer rights protection review through applying the intelligent review and text extraction technology, establishing a sensitive word database, and simplifying the task scheduling process. Throughout the year, a total of 180,900 consumer rights protection reviews were completed with a 100% coverage of products and services. The Company timely identified and took the initiative to remind customers of potential issues that may harm consumer rights in financial products and services before their launch, and effectively played the role in risk prevention.

During the reporting period, the Company firmly carried out financial knowledge promotion and guidance activities, designated the 15th day of each month as the theme day for financial knowledge promotion across the Bank, actively organised and carried out financial knowledge promotion activities at different levels, through multiple channels, and of multiple types, made full use of its own channels such as outlets, CMB APP, CMB Life APP, the official website and WeChat Channels, and contextualise the financial knowledge promotion within daily life scenarios of consumers to popularise financial knowledge and convey rational investment concepts. The Company carried out a total of 34,700 online and offline promotion and guidance activities across the Bank, reaching consumers for 565 million times.

During the reporting period, the Company continued to advance its digital transformation of consumer rights protection, applied big data, artificial intelligence, process transformation, robotic process automation and other technologies to improve the quality and efficiency of consumer rights protection; optimised and iterated the complaints management system and multi-dimensional data analysis reports, carried out special governance of key complaints, improved the ability to trace and rectify complaint; and revised and issued the "Management Measures for Customer Complaint of China Merchants Bank (Seventh Edition)" 《招商銀行客戶投訴管理辦法(第七版)》, further improved the diversified mechanism for resolving disputes and continuously enhanced the efficiency of consumer complaint resolution.

During the reporting period, the Company received a total of 206,099 complaints[33] from regulatory channels, 95555 consumer complaints channel, Credit Card Centre as well as other channels, of which 41.84% of the complaints were related to debit card business, 26.74% were related to credit card business, 15.29% were related to loan business, 5.24% were related to banking agency business, and 10.89% were related to payment and settlement, foreign exchange, precious metals, personal financial information and other businesses.

The distribution by region is shown in the table below.

No.	Region	Number of complaints	No.	Region	Number of complaints	No.	Region	Number of complaints	No.	Region	Number of complaints
1	Shanghai[34]	66,296	12	Chengdu	3,410	23	Fuzhou	1,807	34	Wuxi	1,039
2	Shenzhen[35]	28,949	13	Chongqing	3,331	24	Kunming	1,800	35	Hohhot	1,038
3	Beijing	14,720	14	Qingdao	3,295	25	Foshan	1,789	36	Nanning	866
4	Nanjing	6,846	15	Hefei	2,883	26	Ningbo	1,681	37	Nantong	764
5	Wuhan	6,423	16	Suzhou	2,694	27	Xiamen	1,600	38	Guiyang	691
6	Guangzhou	6,364	17	Changsha	2,687	28	Taiyuan	1,444	39	Yinchuan	614
7	Hangzhou	5,979	18	Harbin	2,641	29	Yantai	1,368	40	Haikou	614
8	Xi'an	5,366	19	Nanchang	2,614	30	Changchun	1,267	41	Quanzhou	551
9	Jinan	4,101	20	Zhengzhou	2,458	31	Lanzhou	1,262	42	Wenzhou	509
10	Shenyang	3,749	21	Dalian	2,124	32	Urumqi	1,258	43	Tangshan	381
11	Tianjin	3,446	22	Dongguan	1,879	33	Shijiazhuang	1,177	44	Xining	324

4.3.7 Rural revitalisation

The Company resolutely fulfilled the working requirements from the Central Committee of the Communist Party of China and the State Council on targeted assistance and rural revitalisation. Focusing on the "five major revitalisations", namely rural industry revitalisation, talent revitalisation, cultural revitalisation, ecological revitalisation and organisation revitalisation and according to the idea of "Education paving the way, healthcare safeguarding, industrial support, and livable environment creation", the Company formulated the "CMB 2024 Rural Revitalisation Work Plan", which specified the objectives, targets of the assistance and work measures, explored new assistance approaches with the evolving needs, and consolidated and expanded the results of poverty alleviation.

The Company focused on education, medical care, industry, ecology, talent and other fields related to people's well-being. In line with the development plan of Wuding and Yongren counties in Yunnan, the Company helped improve local educational conditions, actively recruited a team of distinguished teachers and increased the level of education. The Company increased investment in medical infrastructure in the two counties, donated ambulances, hemodialysis machines, B-ultrasound machines and other equipments, and improved the three-tiered medical service system of the county, township, and village; relied on agricultural science and technology to promote the quality and efficiency of the industry, and continuously enhanced the "self-driven development" ability of the industry; focused on creating agricultural products and featured brands, integrating resources and concentrating efforts on consumption-driven assistance; and built happy communities, and helped local governments solve employment and livelihood issues such as industrial supporting and "the elderly and the youngster (一老一小)". During the reporting period, 54 projects were implemented in Wuding and Yongren counties in Yunnan, with a direct investment of RMB56.0665 million.

33 Excluding data on complaints about the account management, negotiated repayment, credit reporting and billing standards, and repeated complaints.

34 Including complaints from credit card users.

35 Including complaints to Head Office departments.

4.3.8 Charity

During the reporting period, the Company continued to participate in public welfare and charity events with a total external donations of RMB126,794,400, thereby contributing to the promotion of social equity and improvement of people's well-being.

Since its establishment in 2012, the Company's "Donating Small Points for Micro Charity (小積分•微公益)" platform has actively responded to the call of the state and focused on social hotspots, and has launched a number of public welfare projects like "Free Lunch for Children (兒童免費午餐)" and "Yangfan Charity Books (揚帆公益圖書)". As of the end of the reporting period, the platform had collected donations of a total of 621 million points which translated into donations of 2,856,100 free lunches for children and 346,500 books for public welfare.

4.3.9 Human capital development

Talent development strategy

The Company has always adhered to the "talent-driven bank strategy", committed to building itself into "the best bank in employee development", and focused on developing a "professional, diverse, market-driven, and international" talent management system. The Company strengthened talent planning and arrangement, continuously improved the organisational structure, prioritised human resources allocation to the front line, and increased staff for key areas, key branches and key positions. The Company strengthened its efforts in the construction of the management staff team, strictly implemented the "dual responsibilities in one post" system, emphasised capacity building and reinforced job rotations of management staff team in an effort to forge a high-quality and professional financial talent team with loyalty, integrity and responsibility. The Company reinforced the cultivation of professional capabilities and the mechanism of professional certification for positions, promoted the policy of working with certification, and facilitated talent exchange to establish a multi-level, all-round and structured training and development system. The Company enhanced the application of the "Six Can-do" mechanism (六能機制) to create an entrepreneurial environment featuring "promotion of the competent, demotion of the mediocre and removal of the underperforming", thereby stimulating team vitality and enhancing cohesion and strength. The Company strengthened cultural inspiration, organically integrated financial culture with Chinese characteristics with its corporate culture, continued to create an honest environment for entrepreneurship, and forged a team of cadres and employees that loves, cherishes, protects and dedicates themselves to the Company.

The Company actively embraced the opportunities of technological change and kept up talent arrangements and planning. Through the innovative "AI Camp", the Company actively explored the application of artificial intelligence in the financial field, studied the positioning of talents in the "AI + Finance" field, built an online + offline talent selection model, and strengthened the recruitment planning for AI professionals.

The Company continued to strengthen the construction of its talent team and improved the efficiency of resource allocation, expanding the boundaries of capabilities, and enhanced the comprehensive capabilities of employees. At the same time, the Company opened up inter-connection of career development channels for domestic and overseas employees from the Head Office, branches and sub-branches to promote the flow of talents and solve the problem of unbalanced business development in different regions through talent exchanges. In addition, a tiered reserve talent pool of management staff has been established to strengthen the construction of reserve management team.

The Company stressed the cultivation of international talents. For talents with foreign language expertise and interdisciplinary professional backgrounds, special overseas talent exchange plans and expatriate programs are carried out to improve employees' comprehensive abilities and command of languages, and cultivate and reserve a talent pipeline with international perspectives in an accelerated manner.

Equal employment

The Company does not judge candidates on the basis of factors unrelated to their personal qualities and working abilities, such as gender, age, ethnicity, nationality, religion and family status, and stipulates that discriminatory descriptions regarding image, gender, birthplace, marital and childbearing status and other aspects are strictly prohibited in external recruitment announcements.

Remuneration management

The Company's remuneration policy is in line with its cultural concepts, operation targets and corporate values. It aims to "improve its market-based remuneration incentive and restrictive mechanisms, serve its strategic and business development and fully boost the motivation of its teams". The remuneration policy adheres to the remuneration management principles featuring "value guidance, performance base and risk control" and reflects the remuneration concept of "remuneration can be increased or decreased, get more pay for more work in a flexible way". At the same time, in order to mitigate various operating and management risks, the Company has established a mechanism related to remuneration deferred payment and performance-based remuneration recovery and deduction in accordance with regulatory requirements and operational management needs. The Company adheres to the principle of gender equality in remuneration and benefits, and sticks to the notion that gender is not a factor affecting remuneration and benefits. The total annual remuneration of employees includes salary, bonuses and benefits. The Company adjusts the salary standard of different posts according to the market situation and provides employees with competitive remuneration.

Talent cultivation

The Company has established a professional career progression system, providing employees with clear vertical development pathways. At the same time, systems concerning reserve talent pool, post qualification certification, talent exchange, and professional training have been established as important ways of talent reserve building and talent cultivation.

The Company has established a reserve talent pool and supported horizontal development for employees such as internal transfer, skill learning and practice as well as job rotations. By sorting out the post qualification certification of the Bank, the Company vigorously promoted the mechanism of work with certification, and continued to improve the professional capabilities of its talent team. The Company also established an all-around and multi-level talent exchange system through short-term exchanges and domestic and overseas talent exchange programs, so as to enrich employees' experience and foster comprehensive personal growth.

The Company's professional training mainly includes cultural values, professional ethics and security, business and product knowledge, leadership, compliance awareness education for employees, etc., covering the career growth needs of employees at different levels. At the same time, employee behavior management was further strengthened. During the reporting period, the Company innovated a training system with segmentation and classification-based trainings to promote professional capacity building across the Bank. In terms of leaders and management staff cultivation, the Company offered workshops and training courses for young and middle-aged management staff, as well as targeted and customised leadership training. In terms of key staff training, the Company launched a series of innovative training programs to strengthen special training for staff of overseas branches and subsidiaries, 10A staff and female key staff, etc. In terms of new staff training, the Company conducted trainee profile analysis and demand research to accurately identify the differentiated training needs of new employees from social recruiting and campus recruiting, and customised the training programs to effectively enhance the trainees' learning experience. In 2024, the overall trainees' satisfaction rate with the training programs for new employees was 4.94 out of a maximum of 5 points.

4.4 Governance Information

The Company continues to promote the improvement of the corporate governance mechanism, adheres to the principle of "two consistency", continuously improves the corporate governance level and adheres to the concept of stable development and prudent risk management. The Company serves the transformation and upgrading of the national economy and the people's aspirations for a better life with its own high-quality development. The key to the Company's corporate governance mechanism is to adhere to the principle of president assuming full responsibility under the leadership of the Board of Directors, market-based operation and professionalism. The Company's shareholding structure is reasonable and the shareholders' behaviours are regulated. Established among the Shareholders' General Meeting, Board of Directors, Board of Supervisors and the senior management is a structure of decision-making levels and process mechanism with clear responsibilities and boundaries, which provides the Company with a solid base for the continuous growth of its corporate governance capabilities and high-quality development.

During the reporting period, the Board of Directors of the Company proactively performed its relevant duties in inclusive finance, green finance, data governance, human capital, consumer rights protection, social responsibilities, etc. The Board of Directors and its relevant special committees reviewed the "2023 Sustainable Development Report", the "2023 Strategy Implementation Report", the "Inclusive Finance Development for 2023 and Work Plan for 2024", the "Human Resources Management and Talent Strategy Implementation Report for 2023", the "Data Governance Work Summary for 2023 and Work Plan for 2024", the "Employee Behaviour Evaluation Report for 2023", the "Report on the Development of Internet Loans for 2023 and Work Plan for 2024", the "Report on the Protection of Consumer Rights and Interests for 2023", the "2023 Consumer Complaint Analysis Report and Bank-wide Complaint Management Work Policy for 2024", the "Work Plan on the Protection of Consumer Rights and Interests for 2024", the full text and summary of 2023 Annual Report, the full text and summary of 2024 Interim Report, and other relevant proposals, made solid advances in "five major articles", continuously served the national strategic goal of accelerating the comprehensive green transformation of economic and social development and effectively ensured the implementation of development strategy, inclusive finance, green finance, data governance, human capital, and consumer rights protection across the Bank. The Bank worked together with all stakeholders to achieve high-quality development.

During the reporting period, the Board of Supervisors of the Company studied and reviewed the "2023 Sustainable Development Report", the "2023 Strategic Implementation Report", the "Inclusive Finance Development for 2023 and Work Plan for 2024", the "Data Governance Work Summary for 2023 and Work Plan for 2024", the "Employee Behaviour Evaluation Report for 2023", the "Report on the Development of Internet Loans for 2023 and Work Plan for 2024", the "Report on the Protection of Consumer Rights and Interests for 2023", the "2023 Consumer Complaint Analysis Report and Bank-wide Complaint Management Work Policy for 2024", the "Work Plan on the Protection of Consumer Rights and Interests for 2024", the full text and summary of 2023 Annual Report, the full text and summary of 2024 Interim Report, and other proposals to supervise key areas including inclusive finance, green finance, data governance, consumer rights protection and social responsibilities, while focusing on the Board of Directors and senior management's duty performance on the aforesaid issues, effectively fulfilling its supervisory responsibilities.

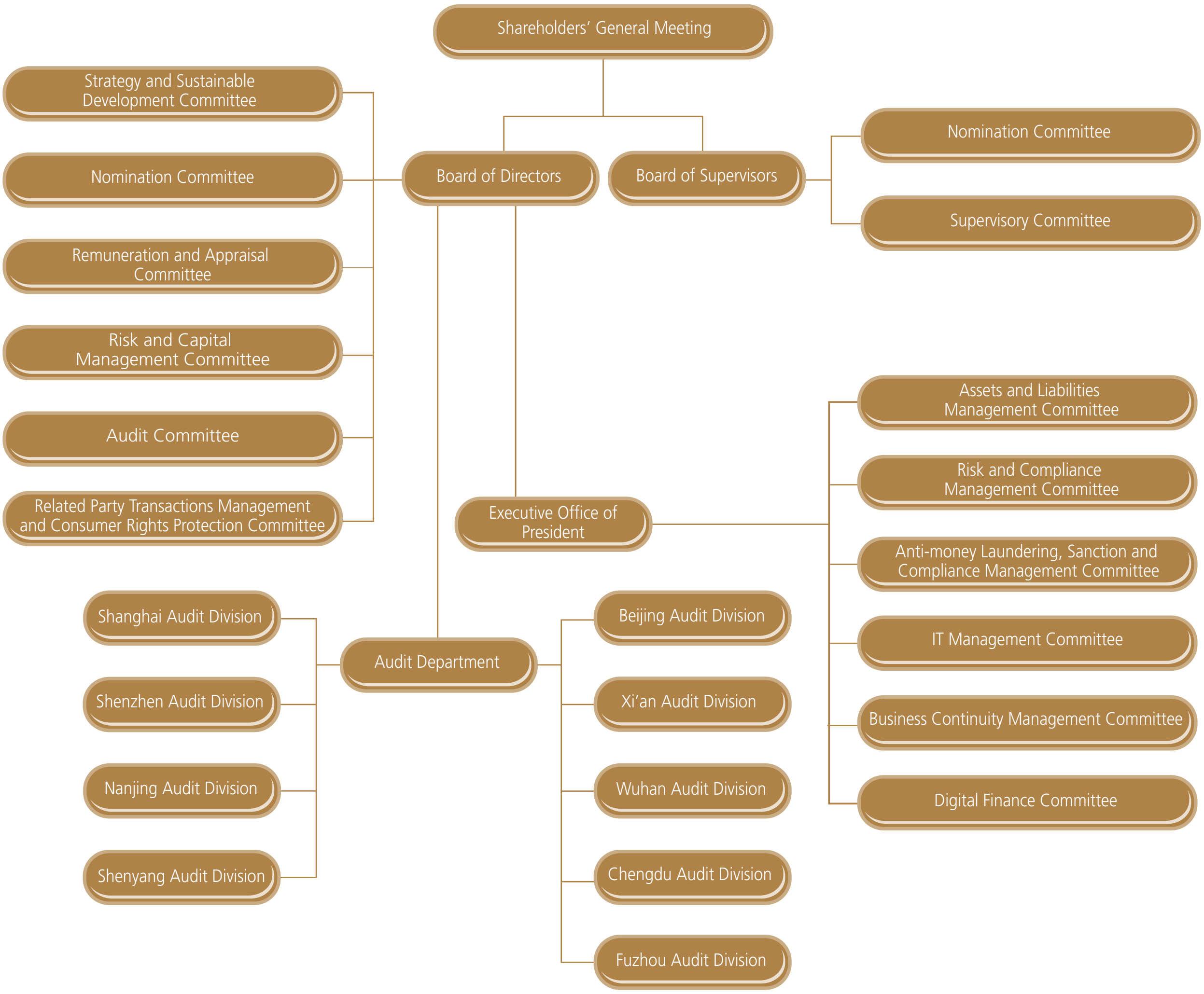
For more details on corporate governance, please refer to Chapter V.

Shareholder value embodies the essence of all value.

Maintaining leading profitability to build the “best bank in shareholders’ return”.

Corporate Governance

5.1 Corporate Governance Structure



5.2 Overview of Corporate Governance

During the reporting period, the Company convened 1 Shareholders' General Meeting, reviewed 14 proposals and heard 6 reports, as further described in section 5.3 "Information about Shareholders' General Meetings".

During the reporting period, the Company convened 15 meetings of the Board of Directors, reviewed 103 proposals and heard 22 reports; convened 42 meetings of special committees under the Board of Directors, reviewed 135 proposals and heard 28 reports; convened 1 meeting of the Chairman and Independent Directors, at which 1 report was heard; convened 1 special meeting of Independent Directors, reviewed 2 proposals. During the reporting period, the Twelfth Session of the Board of Directors of the Company convened the 30th meeting (22 March), the 31st meeting (25 March), the 32nd meeting (29 April), the 33rd meeting (27 May), the 34th meeting (28 May), the 35th meeting (14 June), the 36th meeting (19 June), the 37th meeting (27 June), the 38th meeting (27 August), the 39th meeting (29 August), the 40th meeting (29 September), the 41st meeting (29 October), the 42nd meeting (29 November), the 43rd meeting (27 December) and the 44th meeting (30 December), with priority giving to reviewing the Company's annual financial report, profit appropriation plan, strategic implementation report, comprehensive risk report, risk preference implementation report, capital adequacy report, human resources management and talent strategy implementation report, work report of the Board of Directors, performance of duties evaluation report of the Board of Directors and its members, work report of the President, the report on development of inclusive finance and its work plan, data governance work summary and work plan, related party transactions management report, consumer rights protection report, sustainable development report and other relevant proposals.

During the reporting period, the Company convened 11 meetings of the Board of Supervisors, at which 40 proposals were reviewed and 28 reports were heard; and 4 meetings of the special committees under the Board of Supervisors, at which 6 proposals were reviewed.

Having conducted thorough self-inspection, the Company was not aware of any material non-compliance of its corporate governance practice with laws, administrative regulations and the requirements of the CSRC regarding the corporate governance of listed companies during the reporting period.

For details of the proposals reviewed by the meetings of the Board of Directors and the Board of Supervisors, please refer to the disclosure documents including the announcements on resolutions published by the Company on the websites of Shanghai Stock Exchange, Hong Kong Exchanges and Clearing Limited and the Company.

5.3 Information about Shareholders' General Meetings

During the reporting period, the Company convened one Shareholders' General Meeting, namely the 2023 Annual General Meeting held in Shenzhen on 25 June 2024. The notice, convening, holding and voting procedures of the meeting were all in compliance with the Company Law of the People's Republic of China, the Articles of Association of China Merchants Bank Co., Ltd., the Hong Kong Listing Rules, and other relevant regulations. The meeting reviewed and approved 14 proposals, including the 2023 Work Report of the Board of Directors, the 2023 Work Report of the Board of Supervisors, the 2023 Annual Report (including the audited financial report), the 2023 Financial Statement Report, the 2023 Profit Appropriation Plan (including the declaration of the final dividends), the appointment of accounting firm for the year 2024, the election of Ms. Li Jian as the Independent Non-Executive Director of the Twelfth Session of the Board of Directors of China Merchants Bank, the election of Ms. Shi Dai, Ms. Liu Hui and Mr. Zhu Eric Liwei as the Non-Executive Directors of the Twelfth Session of the Board of Directors of China Merchants Bank, the election of Mr. Zhong Desheng as the Executive Director of the Twelfth Session of the Board of Directors of China Merchants Bank, the election of Mr. Li Jinming as the Shareholder Supervisor of the Twelfth Session of the Board of Supervisors of China Merchants Bank, the Related Party Transactions Report for 2023, and the Proposal regarding the Authorisation to Issue Capital Bonds. For the relevant details of the proposals reviewed at the meeting, please refer to the 2023 Annual General Meeting documents, meeting circulars and the announcement of meeting resolutions and other disclosure documents published by the Company on the websites of Shanghai Stock Exchange, Hong Kong Exchanges and Clearing Limited and the Company.

5.4 Directors, Supervisors and Senior Management

Name	Gender	Date of Birth (Y/M)	Title	Term of office	Shareholding at the beginning of the period (share)	Shareholding at the end of the period (share)	Total remuneration before tax received from the Company during the reporting period (RMB in ten thousand)	Whether or not received remuneration from the Company's related parties during the reporting period
Miao Jianmin	Male	1965.1	Chairman	2020.9-2025.6	–	–	–	Yes
			Non-Executive Director	2020.9-2025.6				
Shi Dai	Female	1967.9	Non-Executive Director	2024.8-2025.6	–	–	–	Yes
Sun Yunfei	Male	1965.8	Non-Executive Director	2022.10-2025.6	–	–	–	Yes
Wang Liang	Male	1965.12	Executive Director	2019.8-2025.6	300,000	300,000	296.17	No
			President and Chief Executive Officer	2022.6-2025.6				
Zhu Eric Liwei	Male	1971.8	Non-Executive Director	2025.1-2025.6	–	–	–	Yes
Huang Jian	Male	1969.8	Non-Executive Director	2025.3-2025.6	–	–	–	Yes
Zhong Desheng	Male	1967.7	Executive Director	2024.12-2025.6	177,300	177,300	278.99	No
			Chief Risk Officer	2024.12-2025.6				
			Former Executive Vice President	2023.10-2024.12				

Name	Gender	Date of Birth (Y/M)	Title	Term of office	Shareholding at the beginning of the period (share)	Shareholding at the end of the period (share)	Total remuneration before tax received from the Company during the reporting period (RMB in ten thousand)	Whether or not received remuneration from the Company's related parties during the reporting period
Zhu Jiangtao	Male	1972.12	Executive Director Executive Vice President Former Chief Risk Officer	2023.8-2025.6 2021.9-2025.6 2020.7-2024.5	198,800	198,800	279.33	No
Li Menggang	Male	1967.4	Independent Non-Executive Director	2018.11- (Note 1)	–	–	50.00	No
Liu Qiao	Male	1970.5	Independent Non-Executive Director	2018.11- (Note 1)	–	–	50.00	No
Tian Hongqi	Male	1957.5	Independent Non-Executive Director	2019.8-2025.6	–	–	50.00	No
Li Chaoxian	Male	1958.9	Independent Non-Executive Director	2021.8-2025.6	–	–	50.00	No
Shi Yongdong	Male	1968.11	Independent Non-Executive Director	2021.8-2025.6	–	–	50.00	No
Li Jian	Female	1953.9	Independent Non-Executive Director	2024.11-2025.6	–	–	7.36	No
Li Jinming	Male	1968.2	Shareholder Supervisor	2024.6-2025.6	–	–	–	Yes
Wu Heng	Male	1976.8	Shareholder Supervisor	2016.6-2025.6	–	–	–	Yes
Xu Zhengjun	Male	1955.9	External Supervisor	2019.6-2025.6	–	–	40.00	No
Cai Hongping	Male	1954.12	External Supervisor	2022.6-2025.6	–	–	40.00	No
Zhang Xiang	Male	1963.12	External Supervisor	2022.6-2025.6	–	–	40.00	No
Cai Jin	Female	1970.7	Employee Supervisor	2021.12- (Note 2)	169,550	169,550	143.31	No
Cao Jian	Male	1970.10	Employee Supervisor	2023.3-2025.6	158,400	158,400	178.77	No
Yang Sheng	Male	1972.8	Employee Supervisor	2023.6-2025.6	197,700	197,700	189.98	No
Zhao Weipeng	Male	1972.3	Secretary of the Party Discipline Committee	2023.8 – present	56,800	56,800	279.33	No
Wang Xiaoqing	Male	1971.10	Executive Vice President	2023.7-2025.6	62,000	62,000	279.08	No
Wang Ying	Female	1972.11	Executive Vice President	2023.11-2025.6	230,000	230,000	275.10	No
Peng Jiawen	Male	1969.5	Executive Vice President Chief Financial Officer Secretary of the Board of Directors	2023.11-2025.6 2023.2-2025.6 2023.6-2025.6	221,900	221,900	276.08	No
Lei Caihua	Male	1974.9	Executive Assistant President	2023.11 – present	264,400	264,400	214.95	No
Xu Mingjie	Male	1968.9	Executive Assistant President	2023.11 – present	200,000	200,000	201.71	No
Zhou Tianhong	Male	1967.12	Chief Information Officer	2024.12-2025.6	204,300	204,300	11.19	No
Hu Jianhua	Male	1962.11	Former Non-Executive Director	2022.10-2024.1	–	–	–	Yes
Zhou Song	Male	1972.4	Former Non-Executive Director	2018.10-2024.7	–	–	–	Yes
Hong Xiaoyuan	Male	1963.3	Former Non-Executive Director	2007.6-2024.1	–	–	–	No
Zhang Jian	Male	1964.10	Former Non-Executive Director	2016.11-2025.2	–	–	–	Yes
Chen Dong	Male	1974.12	Former Non-Executive Director	2022.10-2025.3	–	–	–	Yes

Name	Gender	Date of Birth (Y/M)	Title	Term of office	Shareholding at the beginning of the period (share)	Shareholding at the end of the period (share)	Total remuneration before tax received from the Company during the reporting period (RMB in ten thousand)	Whether or not received remuneration from the Company's related parties during the reporting period
Wong See Hong	Male	1953.6	Former Independent Non-Executive Director	2017.2-2024.11	–	–	42.64	No
Peng Bihong	Male	1963.10	Former Shareholder Supervisor	2019.6-2024.1	–	–	–	Yes
Luo Sheng	Male	1970.9	Former Shareholder Supervisor	2022.6-2025.3	–	–	–	Yes
Wang Yungui	Male	1963.6	Former Executive Vice President	2019.6-2024.5	210,000	210,000	118.32	No
Jiang Chaoyang	Male	1967.12	Former Chief Information Officer	2019.11-2024.5	232,400	192,400	97.75	No

Notes:

(1) Mr. Li Menggang and Mr. Liu Qiao have tendered their resignation as an Independent Non-Executive Director to the Board of Directors of the Company due to expiry of their terms of office. In accordance with the relevant laws, regulations and the relevant requirements of the Articles of Association of the Company, their resignation will become effective upon the election of the new Independent Non-Executive Director at the Shareholders' General Meeting of the Company to fill the vacancy, subject to the approval of the qualification of the new Independent Non-Executive Director by the National Financial Regulatory Administration.

(2) Ms. Cai Jin has tendered her resignation as an Employee Supervisor to the Board of Supervisors of the Company due to her age. In accordance with the relevant laws and regulations and the relevant requirements of the Articles of Association of the Company, the resignation of Ms. Cai Jin will become effective upon the election of a new Employee Supervisor by the Employee Representative Meeting of the Company to fill the vacancy.

(3) The remuneration received by the Directors, Supervisors and senior management who were newly appointed or resigned during the reporting period was calculated based on the length of their terms of office as the Directors, Supervisors and senior management of the Company during the reporting period.

(4) The aggregate pre-tax remuneration of full-time Executive Directors and senior management of the Company is still being verified. The remaining part will be disclosed separately upon the completion of confirmation and payment.

(5) As at the end of the reporting period, the spouse of Mr. Zhou Song held 23,282 A Shares in the Company; the spouse of Mr. Yang Sheng held 143,300 A Shares in the Company; and Ms. Cai Jin held 169,550 shares in the Company, which consisted of 165,000 A Shares and 4,550 H Shares. The shares held by others listed in the above table were all A Shares. The changes in the shareholding of the people listed in the above table during the reporting period were all resulting from shareholding reduction.

(6) None of the people listed in the above table has been punished by the securities regulatory authorities over the past three years.

(7) None of the people listed in the above table has held any share options of the Company or has been granted any of its restricted shares.

5.4.1 New appointment and resignation of Directors, Supervisors and senior management

Directors

In January 2024, Mr. Hu Jianhua and Mr. Hong Xiaoyuan ceased to be Non-Executive Directors of the Company due to their ages.

In June 2024, according to the resolutions passed at the 2023 Annual General Meeting of the Company, Ms. Li Jian was elected as an Independent Non-Executive Director of the Company, whose qualification as the Independent Director was approved by the National Financial Regulatory Administration (NFRA) in November 2024; Ms. Shi Dai, Ms. Liu Hui and Mr. Zhu Eric Liwei were elected as the Non-Executive Directors of the Company, and the qualifications of Ms. Shi Dai and Mr. Zhu Eric Liwei as the Directors were approved by the NFRA in August 2024 and January 2025, respectively; and Mr. Zhong Desheng was elected as an Executive Director of the Company, whose qualification as the Director was approved by the NFRA in December 2024.

In July 2024, Mr. Zhou Song ceased to be the Non-Executive Director of the Company due to the change of work arrangement.

In November 2024, Mr. Wong See Hong ceased to be the Independent Non-Executive Director of the Company due to the expiry of his term of office.

In February 2025, Mr. Zhang Jian ceased to be the Non-Executive Director of the Company due to the change of work arrangement.

In March 2025, the qualification of Mr. Huang Jian as the Director was approved by the NFRA.

In March 2025, Mr. Chen Dong ceased to be the Non-Executive Director of the Company due to the change of work arrangement.

Supervisors

In January 2024, Mr. Peng Bihong ceased to be the Shareholder Supervisor of the Company due to the change of work arrangement.

In June 2024, according to the relevant resolution passed at the 2023 Annual General Meeting of the Company, Mr. Li Jinming was elected as the Shareholder Supervisor of the Company.

In March 2025, Mr. Luo Sheng ceased to be the Shareholder Supervisor of the Company due to personal work arrangement.

Senior management

In May 2024, Mr. Wang Yungui ceased to be the Executive Vice President of the Company due to reaching the retirement age.

In May 2024, Mr. Jiang Chaoyang ceased to be the Chief Information Officer of the Company due to the change of work arrangement.

In May 2024, Mr. Zhu Jiangtao ceased to be the Chief Risk Officer of the Company due to the change of work arrangement in the Bank.

In June 2024, Mr. Zhong Desheng was appointed as the Chief Risk Officer of the Company at the 36th meeting of the Twelfth Session of the Board of Directors of the Company. In December 2024, the qualification of Mr. Zhong Desheng as the Chief Risk Officer was approved by the NFRA.

In June 2024, Mr. Zhou Tianhong was appointed as the Chief Information Officer of the Company at the 36th meeting of the Twelfth Session of the Board of Directors of the Company. In December 2024, the qualification of Mr. Zhou Tianhong as the Chief Information Officer was approved by the NFRA.

In December 2024, the resignation of Mr. Zhong Desheng as the Executive Vice President of the Company due to work arrangement and the appointments of Mr. Lei Caihua and Mr. Xu Mingjie as the Executive Vice Presidents of the Company were approved at the 43rd meeting of the Twelfth Session of the Board of Directors of the Company, and their qualifications as the Executive Vice Presidents are subject to the approval of the NFRA.

For details of the new appointment and resignation of Directors, Supervisors and senior management, please refer to the relevant announcements published by the Company on the websites of Shanghai Stock Exchange, Hong Kong Exchanges and Clearing Limited and the Company.

5.4.2 Changes in information of Directors and Supervisors

1. Mr. Liu Qiao ceased to concurrently serve as the Independent Director of Beijing Capital Co., Ltd. (a company listed on the Shanghai Stock Exchange).
2. Mr. Cai Hongping concurrently serves as the Independent Director of China Taiping Insurance Holdings Company Limited (a company listed on the Hong Kong Stock Exchange).
3. Mr. Li Jinming ceased to serve as the General Manager of CCCC Finance Company Ltd.

5.4.3 Current positions held by Directors and Supervisors in the shareholders' companies

Name	Name of company	Major title	Term of office
Miao Jianmin	China Merchants Group Ltd.	Chairman	From July 2020 up to now
Shi Dai	China Merchants Group Ltd.	Director and General Manager	From October 2023 up to now
Sun Yunfei	China COSCO Shipping Corporation Limited	Deputy General Manager and Chief Accountant	From August 2018 up to now
Zhu Eric Liwei	China Merchants Financial Holdings Co., Ltd.	Deputy General Manager	From September 2022 up to now
Huang Jian	China COSCO Shipping Corporation Limited	General Manager of Capital Operation Department	From September 2016 up to now
Li Jinming	CCCC Finance Company Ltd.	General Manager	From September 2023 up to September 2024
Wu Heng	SAIC Motor Corporation Limited	General Manager of Finance Affairs Department	From August 2019 up to now

5.4.4 Biography and positions of Directors, Supervisors and senior management

Directors

Mr. Miao Jianmin is the Chairman and a Non-Executive Director of the Company. Mr. Miao obtained a doctoral degree in Economics from Central University of Finance and Economics and is a senior economist. He is an alternate member of the nineteenth and twentieth Central Committee of the Communist Party of China. Mr. Miao is the Chairman of China Merchants Group Ltd. and concurrently serves as the Chairman of China Merchants Financial Holdings Co., Ltd. and the Chairman of China Merchants Life Insurance Company Limited. Mr. Miao was an Executive Director and the Deputy General Manager of China Insurance (Group) Limited Company in Hong Kong, the Vice Chairman and President of China Life Insurance (Group) Company, the Chairman of The People's Insurance Company (Group) of China Limited (a company listed on the Hong Kong Stock Exchange) and the Chairman of PICC Property and Casualty Company Limited (a company listed on the Hong Kong Stock Exchange).

Ms. Shi Dai is a Non-Executive Director of the Company. Ms. Shi obtained an MBA degree from China Europe International Business School. She is a senior economist. She currently serves as a Director and the General Manager of China Merchants Group Limited. She served as the Deputy General Manager of Sinochem Group, the Vice Chairperson of All-China Federation of Trade Unions and concurrently the Vice Chairperson of All-China Women's Federation, a member of the Standing Committee and the head of the Organisation Department of the CPC Ningxia Committee, and the Dean of the Party School of Ningxia Hui Autonomous Region (Ningxia School of Administration).

Mr. Sun Yunfei is a Non-Executive Director of the Company. He is a senior economist (researcher level) with a master's degree in Business Administration from the School of Management of Fudan University. He currently serves as the Deputy General Manager and Chief Accountant of China COSCO Shipping Corporation Limited. He served as the Deputy Chief of the Economic Planning and Statistics Division, the Director of the Planning Department and the Deputy Chief Accountant of Hudong Shipyard (滬東造船廠), Chief Accountant of Hudong Shipbuilding (Group) Co., Ltd. (滬東造船(集團)有限公司), Director and Chief Financial Officer of Hudong-Zhonghua Shipbuilding (Group) Co., Ltd. (滬東中華造船(集團)有限公司), Deputy Chief Accountant and Chief Accountant at China State Shipbuilding Corporation, Deputy General Manager of China State Shipbuilding Corporation Limited, etc.

Mr. Wang Liang is an Executive Director, the President and Chief Executive Officer of the Company. Mr. Wang obtained a master's degree in Economics from Renmin University of China. He is a senior economist. He joined the Company in June 1995 and successively served as the Assistant General Manager, Deputy General Manager and General Manager of Beijing Branch of the Company. He successively served as the Executive Assistant President, Executive Vice President and First Executive Vice President of the Company since June 2012, and started to preside over overall business of the Company since 18 April 2022. He has been the President of the Company since 15 June 2022. He concurrently serves as the Company's authorised representative in charge of matters in relation to listing in Hong Kong, the Chairman of CMB International Capital Holdings Corporation Limited, the Chairman of CMB International Capital Corporation Limited, Chairman of CMB Wing Lung Bank, Vice Chairman of Merchants Union Consumer Finance Company Limited, Director of China Merchants Financial Holdings Co., Ltd., a Director of the Fourth Session of the Professional Committee for Intermediate Business of China Banking Association and Executive Director of the Sixth Session of the Financial Accounting Society of China, and a Deputy of the 14th Guangdong Provincial People's Congress. He had served as the Chief Financial Officer, Secretary of the Board of Directors, and Company Secretary of the Company.

Mr. Zhu Eric Liwei is a Non-Executive Director of the Company. He obtained a master's degree in International Business Administration from Schulich School of Business of York University in Canada. He currently serves as the Deputy General Manager of China Merchants Financial Holdings Co., Ltd., and concurrently serves as the Chairman of the Board of Directors of CMB Wing Lung Insurance Company Limited, the Chairman of CM Houlder Insurance Brokers Limited, the Chairman of Shenzhen Yintong Zhihui Information Service Co., Ltd. (深圳市銀通智匯信息服務有限公司) and the Supervisor of China Merchants Securities Co., Ltd. (a company listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange). He served as the Assistant Director of the Finance Department of Lenovo Group Limited, the Senior Manager of the Performance Reform Department of PricewaterhouseCoopers, the Assistant General Manager and Deputy General Manager of China Merchants Finance Holdings Co., Ltd., a Member (Executive) of the Executive Committee of the China Merchants Financial Group/Platform, and the Director of China Merchants Securities Co., Ltd (a company listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange).

Mr. Huang Jian is a Non-Executive Director of the Company. He obtained a master's degree in Business Administration from Beijing Institute of Technology and is a senior accountant. He currently serves as the General Manager of the Capital Operation Department of China COSCO Shipping Corporation Limited. He concurrently serves as a Director of COSCO SHIPPING Captive Insurance Co., Ltd., a Non-Executive Director of China Merchants Securities Co., Ltd. (a company listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange), a Non-Executive Director of SAIC Motor Corporation Limited, and a Director of Lanhai Medical Investment Co., Ltd. He served as the Chief Financial Officer of COSCO Americas Inc., the Deputy General Manager of the Financial Department of China Ocean Shipping (Group) Company, the Deputy General Manager of the Capital Operation Department of China COSCO Shipping Corporation Limited, etc.

Mr. Zhong Desheng is an Executive Director and the Chief Risk Officer of the Company. He obtained a master's degree in the History of Foreign Economic Thoughts from Huazhong University of Science and Technology and is a senior economist. He joined the Company in July 1993 and successively served as the Assistant General Manager and Deputy General Manager of Wuhan Branch, the General Manager of International Business Department of the Head Office, the General Manager of Trade Finance Department of the Head Office and the General Manager of Offshore Finance Centre of the Head Office, the General Manager of Guangzhou Branch, the President of the General Office of Corporate Finance of the Head Office, the General Manager of the Strategic Customers Department and the Executive Assistant President of the Company. He served as an Executive Vice President of the Company from October 2023 to December 2024, and he has concurrently served as the Chief Risk Officer of the Company since December 2024. He concurrently serves as the Chairman of CMB Financial Leasing.

Mr. Zhu Jiangtao is an Executive Director and Executive Vice President of the Company. Mr. Zhu holds a master's degree in Economics. He is a senior economist. He joined the Company in January 2003. He successively served as the Assistant General Manager and Deputy General Manager of Guangzhou Branch, the General Manager of Chongqing Branch, General Manager of Credit Risk Management Department of the Company, General Manager of Risk Management Department of the Company between December 2007 and July 2020. He served as the Chief Risk Officer of the Company between July 2020 and May 2024. He has been an Executive Vice President of the Company since September 2021.

Mr. Li Menggang is an Independent Non-Executive Director of the Company. Mr. Li obtained a doctoral degree in Economics and a post-doctoral degree in both Transportation and Communication Engineering and Theoretical Economics from Beijing Jiaotong University. He currently serves as a professor and doctoral supervisor at Beijing Jiaotong University, the Dean of the National Academy of Economic Security (NAES) of Beijing Jiaotong University, the Director of the China Centre for Industrial Security Research, the Director of Beijing Laboratory of National Economic Security Pre-Warning Project and the Chief Expert of Major Bidding Projects of the National Social Science Fund. He concurrently serves as the Vice President of Guanghua Engineering Science and Technology Award Foundation (光華工程科技獎勵基金會). He served as an Independent Director of Sichuan Golden Summit (Group) Joint-stock Co., Ltd. (a company listed on the Shanghai Stock Exchange), an Independent Non-Executive Director of Yuxing InfoTech Investment Holdings Limited (a company listed on the Hong Kong Stock Exchange), the Chairman of the Professional Committee of the Logistics Informatisation and Industrial Security System of the Institute of Electrical and Electronics Engineers (IEEE), an Independent Director of Hunan Copote Science & Technology Co., Ltd. (a company listed on the Shanghai Stock Exchange), an Independent Director of Daqin Railway Co., Ltd. (a company listed on the Shanghai Stock Exchange), and an Independent Director of Huadian Power International Corporation Limited (a company listed on the Hong Kong Stock Exchange and Shanghai Stock Exchange), the Deputy Director of the Independent Board Committee of China Association for Public Companies, the Vice President and the Deputy Director of the Expert Committee of China Human Resource Development Association and the Director of the Human Capital Institute.

Mr. Liu Qiao is an Independent Non-Executive Director of the Company. Mr. Liu obtained a bachelor's degree of science in Economics and Mathematics from Renmin University of China, a master's degree in Economics from the Institute of Finance of People's Bank of China and a Ph.D. in Economics from University of California, Los Angeles in the United States and is a distinguished professor (特聘教授) of Changjiang Scholars Program. He currently serves as the Dean of the Guanghua School of Management of Peking University, a professor of Finance and Economics and a doctoral supervisor. He concurrently serves as a member of Think Tank Committee of All-China Federation of Industry and Commerce (全國工商聯智庫委員會), the Economic Research Centre of Chinese Kuomintang Revolutionary Committee, the expert panel of the Shenzhen Stock Exchange and the Listing Committee of ChiNext of Shenzhen Stock Exchange; an advisor of the post-doctoral stations of the CSRC, the Shenzhen Stock Exchange, the China Financial Futures Exchange, China Minsheng Banking Corp., Ltd. etc., and the Vice Chairman of the China Enterprise Reform and Development Society (中國企業改革與發展研究會). Mr. Liu served as an assistant professor at School of Economics and Finance of the University of Hong Kong, a consultant of the Asia-Pacific Corporate Finance & Strategy Practice of McKinsey & Company, an assistant professor and associate professor (with tenure) at the Faculty of Business and Economics of the University of Hong Kong, an Independent Non-Executive Director of Zensun Enterprises Limited (formerly known as the ZH International Holdings Limited, a company listed on the Hong Kong Stock Exchange), an Independent Non-Executive Director of CSC Financial Co., Ltd., a company listed on the Hong Kong Stock Exchange and Shanghai Stock Exchange, and an Independent Director of Beijing Capital Co., Ltd. (a company listed on the Shanghai Stock Exchange).

Mr. Tian Hongqi is an Independent Non-Executive Director of the Company. Mr. Tian obtained a bachelor's degree in Finance and Accounting from the Faculty of Water Transportation Management of Shanghai Maritime University, and is a senior accountant. He previously served as the Chief Financial Officer and Chief Information Officer of COSCO SHIPPING Bulk Co., Ltd., the General Manager of the Finance Department of COSCO Container Lines Co., Ltd., the Director and the General Manager of the Financial Department of COSCO Japan, the Chief Financial Officer of COSCO Holdings (Singapore) Pte. Ltd. (中遠控股(新加坡)有限公司), the General Manager of the Finance Department of the COSCO Container Transportation Operation Headquarter (中遠集裝箱運輸經營總部), and the Deputy Director of the Finance Department of COSCO. He concurrently served as an Independent Director of Nanjing Tanker Corporation under China Merchants Group (招商局南京油運股份有限公司, a company listed on the Shanghai Stock Exchange).

Mr. Li Chaoxian is an Independent Non-Executive Director of the Company. Mr. Li obtained a doctoral degree in Industrial Economics and a master's degree in Statistics from Renmin University of China, respectively. He is currently a professor and doctoral supervisor of Beijing Technology and Business University, and concurrently serves as an Independent Director of China World Trade Centre Company Limited (a company listed on the Shanghai Stock Exchange). He served as the Deputy Director and Director of the Finance Department of Beijing Business School, Deputy Dean and Dean of the School of Economics of Beijing Technology and Business University, Chief of the Academic Affairs Office of Beijing Technology and Business University, Vice President of Beijing Technology and Business University, and an Independent Director of Beijing HuaDaJianYe Engineering Management Co., Ltd. (北京華達建業工程管理股份有限公司) (a company listed on the National Equities Exchange and Quotations).

Mr. Shi Yongdong is an Independent Non-Executive Director of the Company. Mr. Shi obtained a doctoral degree in Economics from Dongbei University of Finance and Economics and a master's degree in Applied Mathematics from Jilin University. He is a leading talent of the national high-level special support plan, one of the Cultural Masters and the "Four Batches" (四個一批) Talents, and the chief expert of the major projects under the National Social Science Fund of China. He is currently the Dean, a Professor and a Doctoral Supervisor of the School of Finance and Technology of Dongbei University of Finance and Economics, and concurrently serves as a council member of China Finance Society, and a standing council member of the Chinese Finance Annual Meeting (中國金融學年會) and the Chinese Financial Projects Annual Meeting (中國金融工程學年會), and a standing council member of the International Symposium on Financial Systems Engineering and Risk Management (金融系統工程與風險管理國際年會). He served as the Deputy Dean of the School of Finance, the Director of the Applied Finance Research Centre, the Chief of the scientific research department and the Dean of the School of Applied Finance and Behavioural Sciences in Dongbei University of Finance and Economics, an Independent Director of Dalian Huarui Heavy Industry Group Co., Ltd. (a company listed on the Shenzhen Stock Exchange), and an Independent Director of Bank of Anshan Co., Ltd.

Ms. Li Jian is an Independent Non-Executive Director of the Company. She holds a doctorate degree in Economics. She currently serves as a professor of the School of Finance, a doctoral supervisor and a director of teaching committee at the Central University of Finance and Economics. She is the awardee of the first session of national master teachers, an expert entitled to the State Council Special Allowance and the awardee of the Capital Labor Medal. She concurrently serves as a council member of China Society for Finance and Banking and an Independent Director of Schroders BOCOM Wealth Management Co., Ltd. She concurrently served as the Director of the Consultative Committee for Economics Teaching in Vocational Schools and Junior Colleges under the Ministry of Education, the Deputy Director of the Consultative Committee for Teaching of Undergraduate Program in Finance under the Ministry of Education, an Independent Director of CITIC Securities Company Limited (a company listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange), an Independent Director of Bank of Beijing Co., Ltd. (a company listed on the Shanghai Stock Exchange), an Independent Director of Bank of Communications Co., Ltd. (a company listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange) and an Independent Director of PICC Life Insurance Company Limited, etc.

Supervisors

Mr. Li Jinming is a Shareholder Supervisor of the Company. He is a senior accountant with a bachelor's degree and a master's degree. He currently serves as the Secretary of the Party committee and Vice Chairman (to be appointed) of CCCC Finance Company Ltd. He served as the Director, Chief Accountant and General Counsel of CCCC Investment Co., Ltd., the Deputy General Manager (Executive) of the Financial Funding Department of China Communications Construction Group Limited, the General Manager of the Financial Funding Department of China Communications Construction Group Limited and the General Manager of the CCCC Finance Company Ltd.

Mr. Wu Heng is a Shareholder Supervisor of the Company and a postgraduate from the Department of Accounting of Shanghai University of Finance and Economics. Mr. Wu obtained a master's degree in Management and is a senior accountant. He is the General Manager of the Finance Affairs Department of SAIC Motor Corporation Limited (a company listed on the Shanghai Stock Exchange), and concurrently serves as the General Manager of SAIC Motor Financial Holding Management Co., Ltd., a Non-Executive Director of Bank of Chongqing Co., Ltd. (a company listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange) and a Director of Wuhan Kotei Informatics Co., Ltd. (a company listed on the Shenzhen Stock Exchange). He consecutively served as the Deputy Manager and Manager of Planning and Finance Department as well as a Manager of Fixed Income Department of Shanghai Automotive Group Finance Company Ltd. from March 2000 to March 2005. He consecutively served as a Section Chief, Assistant to Executive Controller and the Manager of Accounting Section of Finance Department of SAIC Motor Corporation Limited from March 2005 to April 2009 and the Chief Financial Officer of Huayu Automotive Systems Co., Ltd. (a company listed on the Shanghai Stock Exchange) from April 2009 to May 2015, and concurrently served as the Director and General Manager of Huayu Automotive Systems (Shanghai) Co., Ltd. (華域汽車系統(上海)有限公司) from May 2014 to May 2015, and the Deputy General Manager of the Finance Affairs Department of SAIC Motor Corporation Limited from May 2015 to August 2019.

Mr. Xu Zhengjun is an External Supervisor of the Company. Mr. Xu obtained a master's degree in Maritime Transportation Management from Shanghai Maritime University and is a senior political engineer. He is currently an Independent Director of China Merchants Life Insurance Company Limited, and concurrently the Director of Shanghai Dongsheng Public Welfare Foundation. He previously served as the Section Chief and the Department Head of Shanghai Ocean Shipping Co., Ltd., the General Manager of the crew company and land property company of COSCO Container Lines Co., Ltd., the Assistant to General Manager of COSCO Container Lines Co., Ltd., the General Manager of Shanghai Ocean Shipping Co., Ltd., the Secretary of the Disciplinary Committee of COSCO Container Lines Co., Ltd., the General Manager of COSCO (HK) Industry & Trade Holdings Ltd., the Vice Chairman of Shenzhen Guangju Energy Co., Ltd. (a company listed on the Shenzhen Stock Exchange), the Vice President and General Counsel of COSCO (Hong Kong) Group Limited and the Director of True Smart International Limited, the General Manager and Executive Director of COSCO International Holdings Limited, the Chairman of the Corporate Governance Committee of COSCO International and the Independent Director of Sinotrans Shipping Limited.

Mr. Cai Hongping is an External Supervisor of the Company. He obtained a bachelor's degree in Journalism from Fudan University. He is the Chairman of AGIC Capital and concurrently serves as an Independent Director of Shanghai Pudong Development Bank Co., Ltd. (a company listed on the Shanghai Stock Exchange), BYD Company Limited (a company listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange) and China Taiping Insurance Holdings Company Limited (a company listed on the Hong Kong Stock Exchange), and was an Independent Director of COSCO SHIPPING Development Co., Ltd. (a company listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange), China Eastern Airlines Corporation Limited (a company listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange) and China Southern Airlines Company Limited (a company listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange). From 1996 to 1997, Mr. Cai Hongping served as the Senior Vice President and Managing Director of Peregrine Investments Holdings Limited. He served as the Chairman of China of BNP Paribas Capital (Asia Pacific) Limited from 1998 to 2005 and served as the Chairman of UBS Investment Bank, Asia from 2006 to 2010, and served as the Executive Chairman of Deutsche Bank Investment Banking, Asia Pacific from 2010 to 2015.

Mr. Zhang Xiang is an External Supervisor of the Company. He obtained a doctoral degree in Mechanical Engineering from the University of California, Berkeley and a master's degree from the Department of Physics of Nanjing University. He is an elected member of the US National Academy of Engineering, a foreign member of the Chinese Academy of Sciences and the President of the University of Hong Kong. Mr. Zhang was the inaugural Ernest S. Kuh Endowed Chair Professor at the University of California, Berkeley, and the Director of the US National Science Foundation Nano-scale Science and Engineering Centre. He was an assistant professor at Pennsylvania State University in 1996, an associate professor and professor at the University of California, Los Angeles from 1999 to 2004, an associate professor and professor at the Mechanical Engineering Department and the Institute of Applied Science and Technology of the University of California, Berkeley from 2004 to 2018 and a director of Materials Science Division at the Lawrence Berkeley National Laboratory from 2014 to 2016.

Ms. Cai Jin is an Employee Supervisor of the Company. Ms. Cai obtained a bachelor's degree in Finance from Hunan University of Finance and Economics. She is an economist. She currently serves as the Inspector of the Head Office of the Company. In August 1992, she started her career in Shashi Branch of Industrial and Commercial Bank of China in Hubei Province. She joined the Company in May 1995. She successively served as the Assistant General Manager of the Human Resources Department of the Head Office, the Deputy General Manager of the Banking Department of the Head Office, the Deputy General Manager of the Asset Custody Department of the Head Office and the Director of the Labour Union of the Head Office of the Company from April 2010 to January 2024.

Mr. Cao Jian is an Employee Supervisor of the Company. Mr. Cao obtained a master's degree in International Finance from the Graduate School of the Financial Research Institute of the People's Bank of China. He is a non-practicing member of Chinese Institute of Certified Public Accountants. He currently serves as the General Manager of the Audit Department of the Company, and concurrently serves as the Supervisor of CMB Wealth Management and a Member of the Professional Committee under the Board of Supervisors of China Association for Public Companies. He joined the Company in August 2003 and successively served as the Assistant General Manager and Deputy General Manager of the Audit Department of the Company. From November 2021 to March 2023, he served as the General Manager of the Shenzhen Audit Division of the Company.

Mr. Yang Sheng is an Employee Supervisor. Mr. Yang has obtained a master's degree in Economics from Renmin University of China and is a senior economist. He is currently the Director of the General Office of Head Office of the Company. He joined the Company in July 1998 and successively served as the Assistant General Manager, the Deputy General Manager and the General Manager of the Human Resources Department of the Head Office of the Company from September 2016 to November 2022.

Senior management

Mr. Wang Liang, please refer to Mr. Wang Liang's biography under the heading of "Directors" above.

Mr. Zhong Desheng, please refer to Mr. Zhong Desheng's biography under the heading of "Directors" above.

Mr. Zhao Weipeng is the Secretary of the Party Discipline Commission of the Company. Mr. Zhao holds a master's degree in Management and is a senior accountant and a non-practicing member of Chinese Institute of Certified Public Accountants. He successively served as the Manager of Finance Department of China Merchants Shipping and Enterprises Company Limited, the Manager of Planning and Finance Department of Hong Kong Ming Wah Shipping Company Limited, the Chief Financial Officer, Deputy General Manager, Secretary of the Party Discipline Commission, and Deputy Secretary to the Party Committee of China Merchants Zhangzhou Development Zone Company Limited, Secretary of the Party Discipline Commission, Deputy Secretary to the Party Committee and Executive Deputy Director of the Management Committee of Zhangzhou China Merchants Economic and Technological Development Zone, Secretary to the Party Committee and General Manager of China Merchants Taipingwan Development & Investment Company Limited, Deputy General Manager (General Manager Level) of Finance Department (Property Rights Department) of China Merchants Group Ltd., Secretary to the Party committee and General Manager of China Merchants Group Finance Co., Ltd. He has been the Secretary of the Party Discipline Commission of the Company since August 2023.

Mr. Zhu Jiangtao, please refer to Mr. Zhu Jiangtao's biography under the heading of "Directors" above.

Mr. Wang Xiaoqing is an Executive Vice President of the Company. He obtained a doctoral degree in Political Economics from Fudan University and is an economist. He worked at PICC Asset Management Company Limited from March 2005 to March 2020, and successively served as the Deputy General Manager of Risk Management Department, the Deputy General Manager and General Manager of Portfolio Management Department, Assistant President and Vice President. In March 2020, he joined the Company and successively served as the General Manager and the Chairman of CMFM and the Executive Assistant President of the Company. He concurrently served as the General Manager of Shenzhen Branch of the Company from February 2023 to October 2024. He has served as an Executive Vice President of the Company since July 2023, and concurrently serves as the Chairman of CMFM, CIGNA & CMB Life Insurance and CIGNA & CMAM.

Ms. Wang Ying is an Executive Vice President of the Company. She obtained a master's degree in Political Economics from Nanjing University and is an economist. She joined the Company in January 1997, successively served as the Assistant General Manager and Deputy General Manager of Beijing Branch, General Manager of Tianjin Branch, General Manager of Shenzhen Branch and the Executive Assistant President of the Company, and has been serving as an Executive Vice President of the Company since November 2023.

Mr. Peng Jiawen is an Executive Vice President, the Chief Financial Officer and the Secretary of the Board of Directors of the Company. He obtained a bachelor's degree in National Economic Planning from Zhongnan University of Economics and Law and is a senior economist. He joined the Company in September 2001, and successively served as an Assistant General Manager and Deputy General Manager of the Planning and Finance Department of the Head Office, Deputy General Manager and General Manager of the Overall Retail Management Department of the Head Office, Deputy General Manager and Vice President of the General Office of Retail Finance of the Head Office, Vice President of the General Office of Retail Finance of the Head Office and concurrently General Manager of Retail Credit Business Department of the Head Office, General Manager of Zhengzhou Branch, General Manager of Asset and Liabilities Management Department of the Head Office and the Executive Assistant President of the Company. He has served as an Executive Vice President of the Company since November 2023, and concurrently serves as the Chief Financial Officer and the Secretary of the Board of Directors of the Company.

Mr. Lei Caihua is an Executive Assistant President of the Company. He obtained a bachelor's degree in Investment Economics from Huazhong University of Science and Technology, a master's degree in National Economics from Zhongnan University of Economics and Law, and is an economist. He joined the Company in July 1995, and successively served as the Deputy General Manager of Corporate Banking Department and concurrently the General Manager of SME Finance Department of the Head Office, General Manager of Corporate Finance Product Department of the Head Office, General Manager of Strategic Customers Department of the Head Office, General Manager of Small Enterprise Finance Department of the Head Office, the General Manager of Chongqing Branch, Head of Topology Bank Preparatory Team, and the General Manager of Shanghai Branch. Since November 2023, he has served as an Executive Assistant President of the Company, and concurrently serves as the General Manager of Shanghai Branch.

Mr. Xu Mingjie is the Executive Assistant President of the Company. He obtained a bachelor's degree in Engineering from Xi'an Jiaotong University and a bachelor's degree in Economics from Shanghai University of International Business and Economics, and is a chartered certified accountant. He joined the Company in September 1995, and successively served as the Assistant General Manager of Corporate Finance Product Department of the Head Office, Assistant General Manager of Investment Banking Department of the Head Office, Deputy General Manager of Investment Banking Department of the Head Office, General Manager of Credit Approval Department of the Head Office and General Manager of Risk Management Department of the Head Office. Since November 2023, he has served as the Executive Assistant President of the Company, and concurrently serves as the General Manager of Beijing Branch.

Mr. Zhou Tianhong is the Chief Information Officer (CIO) of the Company. He obtained a master's degree in computer software from Nanjing University, and became an engineer. He joined the Company in September 1994 and has successively served as the Deputy General Manager (in charge of work) and the General Manager of the Information Technology Department of the Head Office. Since January 2013, he served as the General Manager of the Information Technology Department of the Head Office. He has served as the Chief Information Officer of the Company since December 2024.

Joint company secretaries

Mr. Peng Jiawen, please refer to Mr. Peng Jiawen's biography under the heading of "Senior management" above.

Ms. Ho Wing Tsz Wendy is a joint company secretary of the Company. Ms. Ho obtained an MBA degree from the Hong Kong Polytechnic University. She is a Chartered Secretary, a Chartered Governance Professional, a senior Fellow and a council member of The Hong Kong Chartered Governance Institute, a senior Fellow of The Chartered Governance Institute in the United Kingdom and is the Chairlady of the Professional Development Committee of The Hong Kong Chartered Governance Institute and a holder of the Practitioner's Endorsement issued by The Hong Kong Chartered Governance Institute. Ms. Ho is an Executive Director of Corporate Services of Tricor Services Limited, and her professional practice area covers business consulting, corporate services for private, offshore and listed companies. Ms. Ho has over 25 years of experience in the corporate secretarial and compliance service field and is currently the company secretary or joint company secretary of a few listed companies on the Hong Kong Stock Exchange.

5.4.5 Remuneration policy and evaluation and incentive system for Directors, Supervisors and senior management

The Company offers remuneration to Independent Directors and External Supervisors according to the "Resolution in Respect of Adjustment to Remuneration of Independent Directors" and the "Resolution in Respect of Adjustment to Remuneration of External Supervisors" reviewed and passed at the 2016 First Extraordinary General Meeting; offers remuneration to Executive Directors, Chairman of Board of Supervisors and other senior management according to the "Policies on Remunerations of Senior Management of China Merchants Bank Co., Ltd.". The remuneration consists of basic remuneration and performance-based remuneration, which shall be provided by way of deferred payment in accordance with regulatory requirements. At the same time, the Company has established a mechanism related to performance-based remuneration recovery and deduction, with the relevant Directors having recused themselves from the discussion of their remuneration. The Company offers remuneration to Employee Supervisors (excluding Chairman of Board of Supervisors) in accordance with the policies on remunerations of employees of the Company. All of the Directors and Supervisors nominated by shareholders of the Company do not receive any remuneration from the Company. For details of the remuneration of the Directors and Supervisors and the five highest paid individuals of the Company, please refer to Notes 11 and 12 to the financial statements.

The Board of Directors of the Company evaluates the performance of the senior management according to the "Policies on Remunerations of Senior Management of China Merchants Bank Co., Ltd.". According to the "Measures on Evaluation of Performance of Directors and Supervisors of China Merchants Bank", the Board of Supervisors evaluates the annual duty performance of the Directors and Supervisors through monitoring their duty performance in the ordinary course, conducting duty performance interviews, reviewing and evaluating their annual duty performance records (including but not limited to attendance of meetings, participation of researches, provision of recommendations and the term of office in the Company), the "Duty Performance Self-Evaluation Questionnaire" completed by each Director and Supervisor, and then reports the same to the Shareholders' General Meeting and regulatory authorities. According to the "Measures on Evaluation of Duty Performance of Senior Management of China Merchants Bank", the Board of Supervisors evaluates the annual duty performance of senior management through monitoring their duty performance in the ordinary course and accessing to their duty performance information (including but not limited to major speeches and major meeting minutes) and work reports, and then reports the same to the Shareholders' General Meeting and regulatory authorities.

5.4.6 Securities transactions of Directors, Supervisors and relevant employees

The Company has adopted the Model Code set out in Appendix C3 to the Hong Kong Listing Rules as the code of conduct for Directors and Supervisors of the Company in respect of their dealings in the Company's securities. According to the enquiry, to the knowledge of the Company, all Directors and all Supervisors of the Company have been in compliance with the Model Code and the guidelines set by the Company during the reporting period.

The Company has also set guidelines on the trading of the Company's securities by Directors, Supervisors and relevant employees, and the contents of the guidelines are no less exacting than the Model Code.

5.4.7 Interests and short positions of Directors, Supervisors and Chief Executives under Hong Kong laws and regulations

As at 31 December 2024, the interests and short positions of the Directors, Supervisors and Chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (as defined in the SFO), which were required to be notified to the Company and Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including the interests and short positions which the Directors, Supervisors and Chief executives of the Company were taken or deemed to have under such provisions of the SFO, or which were required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise required to be notified to the Company and Hong Kong Stock Exchange pursuant to the Model Code set out in Appendix C3 to the Hong Kong Listing Rules, were as follows:

Name	Position	Class of shares	Long/ short position	Capacity	No. of Shares (shares)	Percentage of the relevant class of shares in issue (%)	Percentage of the total issued ordinary shares (%)
Wang Liang	Executive Director President and Chief Executive Officer	A Share	Long position	Beneficial owner	300,000	0.00145	0.00119
Zhong Desheng	Executive Director and Chief Risk Officer	A Share	Long position	Beneficial owner	177,300	0.00086	0.00070
Zhu Jiangtao	Executive Director and Executive Vice President	A Share	Long position	Beneficial owner	198,800	0.00096	0.00079
Cai Jin	Employee Supervisor	A Share	Long position	Beneficial owner	165,000	0.00080	0.00065
		H Share	Long position	Beneficial owner	4,550	0.00010	0.00002
Cao Jian	Employee Supervisor	A Share	Long position	Beneficial owner	158,400	0.00077	0.00063
Yang Sheng	Employee Supervisor	A Share	Long position	Beneficial owner	197,700	0.00096	0.00078
		A Share	Long position	Interest of spouse	143,300	0.00069	0.00057

5.5 Board of Directors

The Board of Directors is an independent policy-making body of the Company, responsible for executing resolutions passed by the Shareholders' General Meetings; formulating the Company's major principles and policies, including development strategy, risk preference, internal control and internal auditing systems, and remuneration regulations; deciding on the Company's operating plans, investment and financing proposals; making annual financial budgets, final accounts and profit appropriation plans; and appointing and assessing members of senior management. The Company adopts a system in which the President assumes full responsibility under the leadership of the Board of Directors. The senior management team has discretionary powers in terms of operation and makes daily decisions on operation management within the scope of authorisation by the Board of Directors, and the Board of Directors would not intervene in any specific matters in the Company's daily operation and management.

The Board of Directors of the Company facilitates scientific and reasonable decision-making through the establishment of a diversified directorship structure, and continues to improve the decision-making and operational efficiency through promoting the effective operation of special committees. The Board of Directors focuses on key issues, directions and strategies, and continues to strengthen the corporate philosophy of balanced, healthy and sustainable development. The Board of Directors ensures the Company to achieve dynamically balanced development in "Quality, Profitability and Scale" through effective management of its strategies, risks, capital, remuneration, internal control, related party transactions, protection of consumer rights, etc., thus providing a solid basis for the Company to enhance its operation and management capabilities.

5.5.1 Composition of the Board of Directors and diversity policy

As at the end of the reporting period, the Board of Directors of the Company has fourteen members, including five Non-Executive Directors, three Executive Directors, and six Independent Non-Executive Directors. All the five Non-Executive Directors are seasoned management personnel such as the Chairman of the Board of Directors, General Manager, Deputy General Manager or Chief Financial Officer of large state-owned enterprises. They have extensive experience in corporate management, finance and accounting fields. The three Executive Directors have been engaged in financial management for a long time with extensive professional experience. Among the six Independent Non-Executive Directors, there are renowned experts in accounting and finance, university professors and financial experts with international vision, and they all have in-depth knowledge about the development of the banking industry at home and abroad.

The Company attaches great importance to maintaining the diversity of the members of the Board of Directors, and has incorporated diversity policy into the Articles of Association of the Company. The responsibilities performed by the Nomination Committee under the Board of Directors are to "promote the diversity of the members of the Board of Directors, including but not limited to gender, age, culture, educational background and professional experience, and regularly review the implementation of diversity policy". The diversified director structure of the Company has brought broad vision and high-level professional experience to the Board of Directors, and also maintained the independent elements within the Board of Directors to ensure that the Board of Directors of the Company effectively make independent judgements and scientific decisions when studying and deliberating major issues.

In August and November 2024, the qualifications of Ms. Shi Dai and Ms. Li Jian as the Directors of the Company were approved by the NFRA respectively. As of the end of 2024, the Company has two female Directors, in line with the diversity requirements of the Board of Directors under the Hong Kong Listing Rules, which has met the gender diversity target of the Board of Directors of the Company. The Board of Directors of the Company acknowledges that a diversified structure of the Board will bring wide-ranging ideas and unique insights to the Board of Directors and its special committees, contribute to the quality of decision-making by the Board of Directors and its special committees as well as the corporate governance level, while providing a strong guarantee for the high-quality development of the Company. The Company will continue to promote the diversified composition of the Board of Directors.

The Nomination Committee under the Board of Directors shall evaluate the structure, number of members, composition and the implementation and effectiveness of the diversity of the Board of Directors (including multiple aspects such as gender, skills, knowledge and experience) at least once a year according to the operating activities, asset scale and equity structure of the Company, and advise on any changes to the Board of Directors to align with the Company's strategy. To ensure that the Board of Directors maintains gender diversity in the long run, the Company will seek to identify potential female Director candidates whose skills, knowledge, experience, and other attributes satisfy the relevant requirements based on its own operational and management conditions and the structure of the Board of Directors, establishing and maintaining communication channels with potential Director candidates to enable timely selection when needed.

The list of Directors of the Company is set out in the section headed "Directors, Supervisors and Senior Management" in this report. To comply with the Hong Kong Listing Rules, the Independent Non-Executive Directors have been clearly identified in all the corporate communication documents of the Company which disclose their names.

5.5.2 Appointment, re-election and removal of Directors

In accordance with the Articles of Association of the Company, the Directors of the Company shall be elected or replaced by the shareholders at the Shareholders' General Meetings, and the term of office for the Directors shall be three years commencing from the date on which the approval from the PRC banking regulatory authority is obtained. A Director is eligible for re-election upon the expiry of his/her current term of office. The term of office for a Director shall not be terminated without any justification at a Shareholders' General Meeting before expiry of his/her term.

A Director may be removed by an ordinary resolution at a Shareholders' General Meeting before the expiry of his/her term of office in accordance with relevant laws and regulations (however, any claim made in accordance with contract shall not be affected).

The term of office for the Independent Non-Executive Directors of the Company shall be the same as that for other Directors of the Company. The term of office for the Independent Non-Executive Directors of the Company complies with the relevant laws and the requirements of the governing authority.

The procedures for appointment, re-election and removal of Directors, candidates' qualification and other requirements of the Company are set out in the Articles of Association and the implementation rules of the Nomination Committee under the Board of Directors of the Company. The Nomination Committee under the Board of Directors of the Company shall carefully consider the qualifications and experience of every candidate for a Director and recommend suitable candidates to the Board of Directors. Upon passing the candidate nomination proposal, the Board of Directors shall propose election of the related candidates at a Shareholders' General Meeting and submit the relevant proposal at a Shareholders' General Meeting for review and approval.

5.5.3 Responsibilities of Directors

As of the end of the reporting period, all incumbent Directors of the Company cautiously, earnestly and diligently exercised their rights under the Articles of Association of the Company and the domestic and overseas regulatory rules, devoted sufficient time and effort to the business of the Company, ensured that the business practices of the Company were fully compliant with the requirements of the laws, administrative regulations and economic policies of the country, gave all shareholders fair treatment, reviewed the business operation and management of the Company in a timely manner, and fulfilled the responsibilities stipulated under the laws and administrative regulations, departmental regulations and other duties of diligence stipulated under the Articles of Association of the Company. All Directors of the Company were aware of their joint and individual responsibilities towards shareholders. During the year, the average attendance rate of Directors at meetings of the Board of Directors and the special committees under the Board of Directors was 92.73%.

The Independent Non-Executive Directors of the Company have presented their professional opinions on the resolutions reviewed by the Board of Directors, including offering independent written opinions on significant matters such as the profit appropriation plan, nomination and election of Directors and senior management, engagement of accounting firms and related party transactions. In addition, the Independent Non-Executive Directors of the Company also gave full play to their professional advantages in the relevant special committees under the Board of Directors, and provided professional and independent opinions regarding corporate governance and operation management of the Company, thereby providing effective guarantee on the scientific decision-making of the Board of Directors.

The Board of Directors of the Company reviewed its work during the reporting period, believing that it has effectively performed its duties and safeguarded the rights and interests of the Company and its shareholders. The Company is of the opinion that all the Directors have devoted sufficient time to perform their duties.

The Company attached great importance to the continuous training of Directors, so as to ensure that they have a proper understanding of the operations and businesses of the Company, and that they are fully aware of their responsibilities under the relevant laws, regulations and systems, the regulatory requirements of the PRC banking regulatory authorities, the CSRC, Shanghai Stock Exchange, the Hong Kong Stock Exchange and the requirements of the Articles of Association of the Company. The Company has renewed the "Insurance for Liabilities of Directors, Supervisors and Senior Management" for all of its Directors.

During the reporting period, the Board of Supervisors of the Company made an appraisal on the annual duty performance of the Directors and the annual duty performance of the Independent Non-Executive Directors, and reported the appraisal results to the Shareholders' General Meeting.

5.5.4 Chairman of the Board of Directors and the President

The positions of Chairman of the Board of Directors and the President of the Company have been held by different persons and their duties have been clearly defined in accordance with the requirements of the Hong Kong Listing Rules. Mr. Miao Jianmin serves as the Chairman of the Company and is responsible for leading the Board of Directors, ensuring that all the Directors are kept updated on issues arising at board meetings, managing the operation of the Board of Directors, and ensuring that all major issues are discussed by the Board of Directors in a constructive and timely manner. In order to enable the Board of Directors to discuss all major and relevant matters in time, the Chairman of the Board of Directors worked together with senior management to ensure that the Directors duly receive appropriate, complete and reliable information for their reference and review. Mr. Wang Liang serves as the President and is responsible for the business operation of the Company and implementation of its strategies and business plans.

5.5.5 Attendance of Directors at relevant meetings

The following table sets forth the records of attendance of each Director at the meetings convened by the Board of Directors, the special committees under the Board of Directors, the Shareholders' General Meeting and the special meetings of Independent Directors during the reporting period. All Directors performed due diligence in their duties, capitalised on opportunities, tackled challenges and used their professional specialties and extensive experience to contribute their intelligence and strength to the operation and development of the Company. The Company has adopted the constructive opinions and suggestions raised by each of the Directors in aspects including strategy guideline, wealth management, Fintech, risk control and management, internal control and compliance, anti-money laundering, green finance development, inclusive finance development, ESG development, related party transactions management, protection of consumer rights and improvement of incentive and restrictive mechanisms, and no objection has been raised by any of the Directors on the matters reviewed.

		Special committees under the Board of Directors							
Directors	Board of Directors	Strategy and Sustainable Development Committee	Nomination Committee	Remuneration and Appraisal Committee	Risk and Capital Management Committee	Audit Committee	Related Party Transactions Management and Consumer Rights Protection Committee	Shareholders' General Meeting	Special meetings of Independent Directors
	Actual times of attendance/Required times of attendance								
Non-Executive Directors									
Miao Jianmin	15/15	5/5	7/7	/	/	/	/	0/1	/
Shi Dai	7/7	1/1	/	/	/	/	/	/	/
Sun Yunfei	15/15	4/5	/	/	/	/	/	1/1	/
Zhou Song (resigned)	6/8	2/3	/	/	/	3/6	/	1/1	/
Zhang Jian (resigned)	15/15	/	/	/	14/14	/	/	1/1	/
Chen Dong (resigned)	14/15	/	/	2/2	10/14	/	/	1/1	/
Executive Directors									
Wang Liang	15/15	5/5	7/7	/	/	/	/	1/1	/
Zhong Desheng	2/2	/	/	/	2/2	/	/	/	/
Zhu Jiangtao	15/15	/	/	/	11/12	/	5/5	1/1	/
Independent Non-Executive Directors									
Li Menggang	15/15	/	7/7	2/2	/	9/9	/	1/1	1/1
Liu Qiao	15/15	/	7/7	2/2	13/14	/	/	1/1	1/1
Tian Hongqi	15/15	/	/	/	/	9/9	5/5	1/1	1/1
Li Chaoxian	15/15	5/5	/	2/2	/	/	5/5	1/1	1/1
Shi Yongdong	15/15	/	/	/	14/14	9/9	/	1/1	1/1
Li Jian	3/3	/	1/1	/	/	1/1	1/1	/	/
Wong See Hong (resigned)	12/12	/	6/6	/	/	8/8	4/4	1/1	1/1

Note: During the reporting period, the Board of Directors of the Company held a total of 15 meetings, of which 5 were on-site meetings and 10 were meetings convened in the form of written resolutions; the special committees under the Board of Directors held a total of 42 meetings, of which 17 were on-site meetings and 25 were meetings convened in the form of written resolutions.

5.5.6 Performance of duties by Independent Non-Executive Directors

The Board of Directors of the Company currently has six Independent Non-Executive Directors, which meets the requirement that at least one third of the total Directors of the Company shall be Independent Directors. The qualification, number and proportion of Independent Non-Executive Directors are in compliance with the relevant requirements of the PRC banking regulatory authorities, the CSRC, Shanghai Stock Exchange and the Hong Kong Listing Rules. All the six Independent Non-Executive Directors of the Company are not involved in the circumstances set out in Rule 3.13 of the Hong Kong Listing Rules which would cause doubt on their independence. The Company has received from the Independent Non-Executive Directors their respective annual confirmation of independence. Therefore, the Company is of the opinion that all the Independent Non-Executive Directors have complied with the requirement of independence. The majority of members of the Nomination Committee, the Remuneration and Appraisal Committee, the Audit Committee and the Related Party Transactions Management and Consumer Rights Protection Committee under the Board of Directors of the Company are Independent Non-Executive Directors, and all of such committees are chaired by an Independent Non-Executive Director. During the reporting period, the six Independent Non-Executive Directors kept communicating with the Company through attendance at the meetings, special research and investigations and conferences. They effectively performed their roles as Independent Non-Executive Directors by diligently attending the meetings held by the Board of Directors and its various special committees, actively expressing their opinions and suggestions and attending to the interests and requests of minority shareholders. For details of the attendance of Independent Non-Executive Directors at the meetings convened by the Board of Directors and its special committees, please refer to the section headed "Attendance of Directors at relevant meetings" in this report.

During the reporting period, the Independent Non-Executive Directors of the Company expressed their independent opinions on significant matters such as the profit appropriation plan, nomination and election of Directors and senior management, engagement of accounting firms and related party transactions. They made no objection to the resolutions of the Board of Directors and others of the Company during the year.

Pursuant to the Corporate Governance Code, the Company has established a mechanism within the governance framework to ensure that the Board of Directors has access to independent views and opinions, and the implementation and effectiveness of the mechanism are reviewed on an annual basis. According to the "Rules Governing Independent Directors' Work on Annual Reports" of the Company, the Independent Non-Executive Directors of the Company listened to the reports on the operation of the Company in 2024, believing that such reports had fully and objectively reflected the operation of the Company as well as the progress of significant matters in 2024. They recognised and were satisfied with the work performed and the results achieved in 2024. They also reviewed the unaudited financial statements of the Company, and discussed with the certified public accountants in charge of annual audit in respect of major issues and formed their written opinions; they reviewed the procedures for convening board meetings in the year, the decision-making procedures for matters on the agenda and the adequacy of information about such meetings; they reviewed the continuing connected transactions of the Company and made confirmations as required by the Hong Kong Listing Rules.

5.5.7 Corporate governance functions

During the reporting period, the Board of Directors has performed the following duties on corporate governance:

1. Formulate and evaluate the policies and practices on corporate governance of the Company and make certain amendments as it deems necessary, so as to ensure the validity of those policies and practices;
2. Evaluate and supervise the trainings and the improvement of professional competence of Directors and senior management;
3. Evaluate and supervise the policies and practices of the Company for compliance with laws and regulatory requirements;
4. Formulate, evaluate and supervise the Code of Conduct and the Compliance Handbook applicable to the Directors and employees of the Company;
5. Review the compliance of the Company with the Code of Corporate Governance and the disclosures in the Report of Corporate Governance;
6. Manage, control, monitor and assess the risks of the Company and evaluate the internal control status of the Company. The Board of Directors is of the opinion that the risk management and internal control systems of the Company are effective.

5.5.8 Statement made by the Directors about their responsibility for the financial statements

The senior management of the Company provided the Board of Directors with adequate explanation and sufficient information to enable the Board of Directors to make informed assessment on the financial and other information submitted to it for approval. The Directors of the Company acknowledged their responsibility for preparing the financial statements for the year ended 31 December 2024 to present a true view of the operating results of the Company. So far as the Directors are aware, there is no material uncertainty related to events or conditions that might have a significant adverse effect on the Company's ability of sustainable operation.

5.5.9 Special committees under the Board of Directors

There are six special committees under the Board of Directors of the Company, namely the Strategy and Sustainable Development Committee, the Nomination Committee, the Remuneration and Appraisal Committee, the Risk and Capital Management Committee, the Audit Committee and the Related Party Transactions Management and Consumer Rights Protection Committee.

In 2024, all the special committees under the Board of Directors of the Company gave full play to their professional advantages and earnestly performed various duties, actively offering advices to the Board of Directors on strategic guidance, Fintech, risk management, internal control and compliance, inclusive finance, green finance, related party transactions management, consumer rights protection, incentive and restrictive mechanisms and construction of the Board of Directors. During the year, these committees held a total of 42 meetings to study and review 163 significant matters, and reported their review opinions and advices to the Board of Directors by submitting meeting minutes and giving presentations on-site at the meetings, hence fully performing their respective functions in assisting the Board of Directors to make scientific decisions.

The composition and duties of the six special committees under the Board of Directors of the Company and their work in 2024 are summarised as follows.

Strategy and Sustainable Development Committee

As of the end of the reporting period, the members of the Strategy and Sustainable Development Committee included Non-Executive Directors Miao Jianmin (Chairman), Shi Dai, Sun Yunfei, Wang Liang (Executive Director) and Li Chaoxian (Independent Non-Executive Director). The Strategy and Sustainable Development Committee is mainly responsible for formulating the operation and management goals and the medium- and long-term development strategies of the Company, as well as supervising and examining the implementation of its annual operation plan, investment plan, data governance and ESG development strategy.

Main authorities and duties:

1. Formulate the operational goals and the medium- and long-term development strategies of the Company, and make an overall assessment on strategic risks;
2. Consider material investment and financing plans and make proposals to the Board of Directors;
3. Supervise and review the implementation of the annual operational and investment plans;
4. Evaluate and monitor the implementation of the Board resolutions;
5. Make recommendations and proposals on important issues for discussion and determination by the Board of Directors;
6. Formulate data governance strategy and major issues related to data governance;
7. Review the ESG development strategy and basic management system, review the ESG-related work report, regularly evaluate the implementation of the ESG development strategy and promote the implementation of other ESG-related work required by the regulators;
8. Any other task delegated by the Board of Directors.

In 2024, the Strategy and Sustainable Development Committee under the Board of Directors of the Company convened five meetings, namely, the Strategy and Sustainable Development Committee under the Twelfth Session of the Board of Directors convened its 10th meeting (7 March), the 11th meeting (19 March), the 12th meeting (23 May), the 13th meeting (23 August) and 14th meeting (27 November). The Strategy and Sustainable Development Committee regularly reviewed the Company's annual financial budget and final accounts report, annual profit appropriation plan, implementation of business plan, sustainable development report, report of the inclusive financial development and annual work plan, human resources management and talent strategy implementation report, the use of Fintech innovation project funds, work summary and work plan of data governance. The Committee revised and improved the data security management regulation, with a focus on reviewing major operation and management matters such as the establishment of Dubai Branch, adjustment of overseas institutions and conversion of undistributed profits of CMB Financial Leasing into its registered capital. The Committee remains committed to the strategic vision of building the best value creation bank, managing to maximise the comprehensive value of customers, employees, shareholders, partners and the society, and continuously strengthening to its differentiated competitive advantages in extensive wealth management and digitalisation, while solidly carrying out the "five major articles" and concretely building the "Malik Curve" of strategic development.

Nomination Committee

As of the end of the reporting period, the majority of members of the Nomination Committee were Independent Non-Executive Directors, and the committee was chaired by an Independent Non-Executive Director. The members of the Nomination Committee include Li Jian (Chairman), Li Menggang and Liu Qiao (all being Independent Non-Executive Directors), Miao Jianmin (a Non-Executive Director) and Wang Liang (an Executive Director). The Nomination Committee is mainly responsible for formulating the procedures and standards for election of the Directors and senior management, conducting preliminary verification on the qualification for appointment of the Directors and senior management, making proposals to the Board of Directors and promoting the diversity of its Board members.

Main authorities and duties:

1. Study the standards and procedures for selection of Directors and senior management, and make recommendations to the Board of Directors;
2. Promote the diversity of the Board members, including but not limited to gender, age, cultural and educational background and professional experience, and review the implementation of diversity on a regular basis;
3. Review the structure, size and composition of the Board of Directors (including their expertise, knowledge and experience) on a regular basis and make recommendations on any proposed changes to the Board of Directors to implement the strategies of the Company according to the Company's business operation, asset scale and shareholding structure of the Company;
4. Conduct extensive searches for qualified candidates for Directors and senior management;
5. Conduct preliminary examination on the candidates for Directors and senior management and make recommendations to the Board of Directors;
6. Any other task delegated by the Board of Directors.

In 2024, the Nomination Committee under the Board of Directors of the Company convened seven meetings, namely, the Nomination Committee under the Twelfth Session of the Board of Directors convened its 8th meeting (5 March), the 9th meeting (14 March), the 10th meeting (23 May), the 11th meeting (17 June), the 12th meeting (23 August), the 13th meeting (25 October) and the 14th meeting (26 December), at which the resolutions on the nomination of Ms. Shi Dai, Ms. Liu Hui, Mr. Zhu Eric Liwei, Mr. Deng Renjie and Mr. Ma Xianghui as Non-Executive Directors, respectively, the resolution on the nomination of Mr. Zhong Desheng as an Executive Director, the resolutions on the appointment of Mr. Lei Caihua and Mr. Xu Mingjie as Executive Vice Presidents, and the resolutions on the appointment of Mr. Zhong Desheng as the Chief Risk Officer and on the appointment of Mr. Zhou Tianhong as the Chief Information Officer were successively considered and approved. In addition, the Nomination Committee under the Board of Directors regularly reviewed the members, structure and diversity implementation of the Board of Directors and its special committees, ensuring that the structure of the Board composition is in compliance with the relevant regulatory requirements.

The specific process for the nomination and election of Directors of the Company is as follows: qualified nomination body recommends candidates for directorship to the Company, the Nomination Committee under the Board of Directors conducts a preliminary review of the qualifications and conditions of the candidates for directorship and proposes the qualified candidates to the Board of Directors for consideration, and upon consideration and approval by the Board of Directors, proposes the candidates for directorship to the Shareholders' General Meeting in a written proposal (for details, please refer to the section of "Board of Directors" set out in the Articles of Association of the Company). In the selection process of candidates for directorship, the Nomination Committee under the Board of Directors takes full consideration of the compliance of the candidates with laws, regulations and other relevant requirements, independence, cultural and educational background or professional experience, as well as the structure, number, composition and diversity of the Board of Directors, and will make recommendations on any proposed changes to the Board of Directors in line with the Company's strategy.

Remuneration and Appraisal Committee

As of the end of the reporting period, the majority of members of the Remuneration and Appraisal Committee were Independent Non-Executive Directors, and the committee was chaired by an Independent Non-Executive Director. The members of the Remuneration and Appraisal Committee currently include Li Menggang (Chairman), Liu Qiao, Li Chaoxian (all being Independent Non-Executive Directors) and Chen Dong (a Non-Executive Director). The Remuneration and Appraisal Committee is mainly responsible for reviewing the remuneration management system and policies of the Company, formulating the remuneration package for the Directors and senior management, making proposals to the Board of Directors and supervising the implementation of such proposals.

Main authorities and duties:

1. Study the standards for assessment of Directors and senior management and make assessments and put forward proposals depending on the actual conditions of the Company;
2. Study and review the remuneration policies and proposals in respect of directors and senior management of the Bank, make recommendations to the Board of Directors and supervise the implementation of such proposals;
3. Review the regulations and policies in respect of remuneration of the Bank;
4. Any other task delegated by the Board of Directors.

In 2024, the Remuneration and Appraisal Committee under the Board of Directors of the Company convened two meetings, namely the Remuneration and Appraisal Committee under the Twelfth Session of the Board of Directors convened its 12th meeting (15 March) and the 13th meeting (27 December). The Remuneration and Appraisal Committee under the Board of Directors is guided by the strategic objectives formulated by the Board of Directors, and further optimises the appraisal policy and incentive plan, guides management staff and employees to "base on the long-term development and grasp the present opportunities", regularly reviews the performance-based remuneration recovery and deduction throughout the Bank. The Committee also deliberated and passed the proposal on the annual operation performance appraisal, ensuring the stable and continuous operation of the Company's incentive and restraint mechanism.

Risk and Capital Management Committee

As of the end of the reporting period, the members of the Risk and Capital Management Committee were Zhang Jian, Chen Dong (all being Non-Executive Directors), Zhong Desheng (an Executive Director), Liu Qiao and Shi Yongdong (both being Independent Non-Executive Directors). The Risk and Capital Management Committee is mainly responsible for supervising the status of risk control by the senior management of the Company in relation to various major risks, making regular assessment on the risk policies, risk mitigation capacity and capital management status of the Company and submitting proposals on perfecting the management of risks and capital of the Company.

Main authorities and duties:

1. Supervise the status of risk control by the senior management of the Company in relation to credit risk, market risk, operational risk, liquidity risk, strategic risk, compliance risk, reputational risk, country risk and other risks;
2. Make regular assessment on the risk policies, management status, risk mitigation capacity and capital status of the Bank;
3. Perform relevant duties under the Advanced Measurement Approach for Capital Measurement pursuant to the authorisation given by the Board of Directors;
4. Submit opinions and proposals on perfecting the management of risks and capital;
5. Arrange and instruct risk prevention works in accordance with the authorisation of the Board of Directors;
6. Evaluate, supervise and govern the risk management policies and practices of relevant overseas entities of the Company, including those in the United States, in accordance with overseas regulatory requirements;
7. Any other task delegated by the Board of Directors.

In 2024, the Risk and Capital Management Committee under the Board of Directors of the Company convened fourteen meetings, namely the Risk and Capital Management Committee under the Twelfth Session of the Board of Directors convened its 14th meeting (13 March), the 15th meeting (19 March), the 16th meeting (28 March), the 17th meeting (25 April), the 18th meeting (28 May), the 19th meeting (21 June), the 20th meeting (28 June), the 21th meeting (15 August), the 22th meeting (23 August), the 23th meeting (26 September), the 24th meeting (25 October), the 25th meeting (26 November), the 26th meeting (27 December) and the 27th meeting (27 December). The Risk and Capital Management Committee implemented the prudent risk management concept, actively implemented the objectives of the Board of Directors to "outperform the market and surpass industry peers", strengthened the control of risks in key areas by holding quarterly meetings, optimised risk preferences in a timely manner based on changes in the external environment and its own development, and constantly strengthened the comprehensive risk management function. The Risk and Capital Management Committee maintained a heightened focus on the risks and impacts associated with local government businesses and cybersecurity, and has carefully listened to special reports and actively advanced the risk mitigation works; adhered to long-term and reasonable capital planning by regularly conducting reviews and consistently enhancing the risk compensation capability, and regularly reviewing reports on the internal assessment on capital adequacy, capital adequacy ratio, capital management planning, and the third pillar, etc.; paid close attention to the international pattern, geopolitics and the changes in economic situations, regularly reviewed reports on anti-money laundering and sanctions compliance, risk assessment of money laundering and terrorist financing, sanctions risk assessment, and compliance work of institutions in the United States, and effectively enhanced compliance management efforts and other various works.

Audit Committee

As of the end of the reporting period, the majority of members of the Audit Committee were Independent Non-Executive Directors, and the committee was chaired by an Independent Non-Executive Director. The members of the Audit Committee are Tian Hongqi (Chairman), Li Menggang, Shi Yongdong and Li Jian (all being Independent Non-Executive Directors). None of the above persons has ever served as a partner of the incumbent auditors of the Company. The Audit Committee is mainly responsible for examining the accounting policies and financial position of the Company; and is responsible for the annual audit work of the Company, proposing the appointment or replacement of external auditors and examining the status of the internal audit and internal control of the Company.

Main authorities and duties:

1. Audit the financial information and disclosure of such information, and is responsible for the annual audit work, including issue of a conclusive report on the truthfulness, accuracy, completeness and timeliness of the information contained in the audited financial statements;
2. Examine the accounting policies, financial reporting procedures and financial position;
3. Propose to engage or replace an accounting firm for regular audit of financial reports, and supervise and evaluate its audit work;
4. Monitor the internal audit system and its implementation, and evaluate the work procedures and work effectiveness of the internal audit department;
5. Coordinate the communications between internal auditors and external auditors;
6. Examine the internal control system and put forward suggestions on the improvement of internal control;
7. Review and supervise the mechanism for employees to report any misconduct in respect of financial statements, internal control or otherwise, so as to ensure that the Company always handles the reported issues in a fair and independent manner and takes appropriate actions;
8. Any other task delegated by the Board of Directors.

In 2024, the Audit Committee under the Board of Directors of the Company convened nine meetings, namely, the Audit Committee under the Twelfth Session of the Board of Directors convened its 12th meeting and the meeting for Independent Directors' work on annual reports (12 March), the 13th meeting (19 March), the 14th meeting (3 April), the 15th meeting (25 April), the 16th meeting (14 May), the 17th meeting (23 May), the 18th meeting (22 August), the 19th meeting (25 October) and the 20th meeting (18 December). The Audit Committee, based on the quarterly meeting mechanism and by means of the regular report and internal and external audit work report, reviewed and approved the annual report, interim report and quarterly report, and supervised and verified the authenticity, accuracy, completeness and timeliness of the financial report information. The Company reviewed and passed the annual, interim and quarterly internal audit plans and work reports, the annual internal control assessment report and other proposals, and provided guidance on the key work of internal audit and development of digitalisation capability in order to exert a positive influence in further improving the Company's internal audit level and enhancing the quality and efficiency of the audit work. The Company reviewed and approved the proposal of the engagement of accounting firms for 2024, reviewed the external auditor's audit plan, audit results, management recommendations and other reports, discussed with the certified public accountants for annual auditing on important matters during the auditing, which fully capitalised on the supervisory role of external auditing. The Company timely targeted the problems found in internal and external audit, strengthened the rectification and accountability of internal self-inspection and regulatory concerns, promoted the formation of an effective communication mechanism between internal audit and external audit by continuously strengthening the communication with internal and external audit. The Company continued to maintain the communication mechanism with the Risk and Capital Management Committee of the Board of Directors, timely reported the key problems identified in the audit and worked together to eliminate blind spots in risk management, which fully played an important role in supervising operation and management, revealing risks and problems, improving management level and effectively fulfilled relevant responsibilities.

According to "Work Procedures on Annual Reports for Audit Committee under the Board of Directors" adopted by the Company, the Audit Committee under the Board of Directors of the Company performed the following duties in preparing and reviewing the annual report for 2024:

1. The Audit Committee considered and discussed the accounting firm's audit plan for 2024 and the unaudited financial statements of the Company;
2. In the course of annual audit and after the issue of a preliminary audit opinion by the auditors in charge of annual audit, the Audit Committee heard the report on the operation of the Company for 2024, exchanged opinions on the significant matters and audit progress with the auditors in charge of annual audit, reviewed the financial statements of the Company, and then formed written opinions on the above issues;
3. Before the convening of the annual meeting of the Board of Directors, the Audit Committee reviewed and prepared a resolution on the Company's Annual Report for 2024 which was submitted to the Board of Directors for consideration and approval. Moreover, the Audit Committee reviewed and submitted to the Board of Directors the conclusion report prepared by the auditors in charge of annual audit in respect of the audit work of the Company in 2024.

Related Party Transactions Management and Consumer Rights Protection Committee

As of the end of the reporting period, the majority of members of the Related Party Transactions Management and Consumer Rights Protection Committee were Independent Non-Executive Directors, and the committee was chaired by an Independent Non-Executive Director. The members of the Related Party Transactions Management and Consumer Rights Protection Committee are Li Chaoxian (Chairman), Tian Hongqi and Li Jian (all being Independent Non-Executive Directors), and Zhu Jiangtao (an Executive Director). The Related Party Transactions Management and Consumer Rights Protection Committee is mainly responsible for inspection, supervision and review of related party transactions of the Company and protection of the legitimate rights and interests of consumers.

Main authorities and duties:

1. Identify related parties according to relevant laws and regulations;
2. Inspect, supervise and review major related party transactions and continuing connected transactions, and control the risks associated with related party transactions;
3. Review the administrative measures on related party transactions of the Company, and monitor the establishment and improvement of the related party transactions management system of the Company;
4. Review the announcements on related party transactions of the Company;
5. Review the strategies, policies and objectives of the consumer rights protection work of the Company;
6. Listen to the report on the consumer rights protection work of the Company and consider the relevant resolution, and make recommendations to the Board of Directors accordingly;
7. Supervise and evaluate the comprehensiveness, timeliness and effectiveness of the consumer rights protection work of the Company, senior management's compliance with consumer rights protection obligations, and the information disclosure of consumer rights protection work;
8. Any other task delegated by the Board of Directors.

In 2024, the Related Party Transactions Management and Consumer Rights Protection Committee of the Company convened five meetings, namely, the Related Party Transactions Management and Consumer Rights Protection Committee under the Twelfth Session of the Board of Directors convened its 8th meeting (12 March), the 9th meeting (22 April), the 10th meeting (3 June), the 11th meeting (23 August) and the 12th meeting (27 November). The Related Party Transactions Management and Consumer Rights Protection Committee focused on reviewing the fairness of related party transactions, assisting the Board of Directors to ensure the legality and compliance of related party transactions management, implementing the relevant responsibilities of consumer rights protection according to regulatory requirements and deliberated and passed the Related Party Transactions Report for 2023, the List of Related Parties in 2024 and other proposals, reviewed and approved the related party transactions between the Company and China Merchants Group Ltd., CMB Financial Leasing Company Limited, China COSCO Shipping Corporation Limited., Gemdale Corporation, China Communications Construction Group Limited and other related parties, reviewed and approved the "Work Report on Consumer Rights Protection for 2023", the "2023 Consumer Complaint Analysis Report" and other resolutions, reviewed the regulatory notification document on consumer rights protection and the Company's main consumer rights protection system.

5.6 Board of Supervisors

The Board of Supervisors is a supervisory body of the Company and is accountable to the Shareholders' General Meetings, and effectively oversees the strategic management, financial activities, internal control, risk management, legal operation, corporate governance, as well as the duty performance of the Board of Directors and senior management with an aim to protect the legitimate rights and interests of the Company, its shareholders, employees, creditors and other stakeholders.

5.6.1 Composition of the Board of Supervisors

As of the end of the reporting period, the Board of Supervisors of the Company consists of nine members, including three Shareholder Supervisors, three Employee Supervisors and three External Supervisors. The proportion of Employee Supervisors and External Supervisors in the members of the Board of Supervisors each meets the regulatory requirements. The three Shareholder Supervisors are from large state-owned enterprises where they serve important posts and have extensive experience in business management and professional knowledge in finance and accounting; the three Employee Supervisors have long participated in banking operation and management, and thus accumulated rich professional experience in finance; and the three External Supervisors have professional expertise and rich practical experience in corporate governance, investment management, applied science and other areas. Members of the Board of Supervisors of the Company have professional ethics and professional competence required for their performance of duties which ensures the effective supervision by the Board of Supervisors.

A Nomination Committee and a Supervisory Committee are established under the Board of Supervisors.

5.6.2 How the Board of Supervisors performs its supervisory duties

The Board of Supervisors performs its supervisory duties primarily by: holding regular meetings of Board of Supervisors and its related special committees, attending Shareholders' General Meetings, board meetings and its special committee meetings, attending major meetings on operation and management held by the senior management, reviewing various documents of the Company, reviewing work reports and specific reports of the senior management, conducting opinion exchanges and discussions, carrying out special investigations and surveys at branches of the Company and having talks with Directors and the senior management over their duty performance during the year, communicating with external auditors regularly, etc. By doing so, the Board of Supervisors comprehensively monitors the development strategy, operation and management status, risk management status and internal control and compliance status of the Company as well as duty performance of the Directors and the senior management, and puts forward constructive and targeted operation and management advice and supervision opinions.

5.6.3 Duty performance of the Board of Supervisors during the reporting period

During the reporting period, the Board of Supervisors convened a total of 11 meetings, of which two were on-site meetings and 9 were meetings convened in the form of written resolutions. 40 proposals regarding development strategies, business operation, financial activities, internal control, risk management, related party transactions, consolidation management, corporate governance, data governance, social responsibilities, internal audit, anti-money laundering and counter-terrorism financing work, consumer rights protection, evaluation of the duty performance of Directors, Supervisors and senior management and audit on the resignation of senior management were considered, and 28 special reports involving implementation of risk appetite, disposal of non-performing assets, capital adequacy ratio, equity management, inclusive finance, prevention and control of crimes, green finance, were delivered or reviewed at those meetings.

During the reporting period, the Company convened one Shareholders' General Meeting and five on-site board meetings. Supervisors attended the Shareholders' General Meeting and were present at all the on-site board meetings and supervised the legitimacy and compliance of convening the Shareholders' General Meeting and the board meetings, voting procedures, the Directors' attendance at those meetings, expression of opinions and voting details.

During the reporting period, all the three External Supervisors were able to perform their supervisory duties independently. The External Supervisors discharged their supervisory duties by attending Shareholders' General Meetings, meetings of the Board of Supervisors, and special committee meetings of the Board of Supervisors, participating in meetings of the Board of Directors or any of its related special committees, proactively familiarising themselves with the operation and management and the implementation of strategies of the Company, and actively participating in studies and reviews on significant matters. During the adjournment of the meetings of the Board of Directors and the Board of Supervisors, the External Supervisors reviewed various documents and reports of the Company, and exchange opinions with the Board of Directors and senior management in respect of the problems concerned in a timely manner, thereby playing an active role in enabling the Board of Supervisors to perform their supervisory duties.

During the reporting period, the Board of Supervisors of the Company had no objection to each of the supervisory matters.

5.6.4 Operation of the special committees under the Board of Supervisors

The Nomination Committee and the Supervisory Committee are established under the Board of Supervisors, and as at the end of the reporting period, each consisting of four Supervisors, and both committees were chaired by External Supervisors.

The Nomination Committee under the Board of Supervisors

As at the end of the reporting period, the members of the Nomination Committee under the Board of Supervisors included Cai Hongping (Chairman), Li Jinming, Zhang Xiang and Cai Jin. The major duties of the Nomination Committee are as follows: to make proposals to the Board of Supervisors on the size and composition of the Board of Supervisors; to study the standards and procedures for the election of Supervisors and deliver relevant proposals to the Board of Supervisors; to conduct extensive searches for qualified candidates for Supervisors; to undertake preliminary examination on the qualifications and conditions of the candidates for Supervisors nominated by Shareholders and provide relevant recommendations; to supervise the procedures for election of Directors; to evaluate the duty performance of the Directors, Supervisors and senior management, and submit reports to the Board of Supervisors; to supervise whether the remuneration management system and its implementation among the whole Bank and the remuneration package for its senior management are scientific and reasonable.

During the reporting period, the Nomination Committee under the Board of Supervisors held a total of two meetings, at which it reviewed and considered the report of the Board of Supervisors on the duty performance of the Directors, Supervisors and the senior management in 2023, and reviewed and approved the proposal regarding the nomination of Mr. Li Jinming as the candidate for the Shareholder Supervisors of the Twelfth Session of the Board of Supervisors.

The Supervisory Committee under the Board of Supervisors

As at the end of the reporting period, the members of the Supervisory Committee under the Board of Supervisors included Xu Zhengjun (Chairman), Wu Heng, Luo Sheng, and Cao Jian. The major duties of the Supervisory Committee are as follows: to formulate the specific plans for performance of supervisory duties by the Board of Supervisors; to formulate the supervisory plans for financial activities of the Company and conduct relevant examinations; to supervise the adoption by the Board of Directors of prudent business philosophy and value standards and its formulation of suitable development strategies in line with the actual situations of the Company; to conduct supervision and assessment on the important financial decisions of the Board of Directors and the senior management and their implementations, the establishment and improvement of the internal control governance structure and the overall risk management governance structure and the division of duties of relevant parties and their duty performance; to formulate the specific plans for reviewing the operation decisions, internal control and risk management of the Company under the authorisation of the Board of Supervisors when necessary; to formulate the plans for conducting resignation audit on Directors, President and other senior management when necessary.

During the reporting period, the Supervisory Committee under the Board of Supervisors convened a total of two meetings, at which it reviewed and considered the work plan of the Board of Supervisors for 2024 and the audit on the resignation of senior management and other issues. In addition, members of the Supervisory Committee under the Board of Supervisors were also present at various on-site meetings convened by the Risk and Capital Management Committee and Audit Committee under the Board of Directors. They also reviewed the consideration and discussion of the above special committee on the financial decisions, risk management, capital management, internal control compliance, internal and external audit and other aspects of the Company, and offered comments and suggestions on some of the issues.

5.6.5 Independent opinions from the Board of Supervisors

During the reporting period, the Board of Supervisors has proactively and effectively carried out supervision on the financial activities, internal control, risk management, lawful operation as well as the duty performance of the Board of Directors and the senior management of the Company pursuant to the Company Law of the People's Republic of China, the Articles of Association of the Company and the supervisory duties delegated by relevant supervisory authorities.

Independent opinions on relevant matters from the Board of Supervisors are as follows:

Lawful Operation

During the reporting period, the business activities of the Company complied with the Company Law of the People's Republic of China, Law of the People's Republic of China on Commercial Banks and the Articles of Association of the Company, the internal control system was improved, and the decision-making procedures were lawful and valid. Among the Directors and senior management of the Company, no violation of relevant laws, regulations or the Articles of Association of the Company or actions detrimental to the interests of the Company and shareholders were found when performing their duties.

Authenticity of Financial Statements

Ernst & Young Hua Ming LLP and Ernst & Young et al. separately audited the 2024 annual financial report prepared in accordance with the PRC Generally Accepted Accounting Principles and IFRS Accounting Standards and have separately issued standard auditing reports with unqualified opinions. The financial reports truthfully, objectively and accurately reflect the financial status and operating results of the Company.

Use of Proceeds

During the reporting period, the use of proceeds of the Company was consistent with such usages as committed in the Prospectus of the Company.

Purchase and Disposal of Assets

During the reporting period, the Company was not aware of any insider trading in its acquisition and sale of assets which would damage shareholders' interests or cause loss in the assets of the Company.

Related Party Transactions

In terms of the related party transactions to be disclosed during the reporting period, the Board of Supervisors was not aware of any conduct in contravention of the Arm's Length Principle or detrimental to the interests of the Company and its shareholders.

Implementation of Resolutions Passed at Shareholders' General Meeting(s)

The Board of Supervisors lodged no objections to the reports and proposals submitted by the Board of Directors to the Shareholders' General Meeting in 2024, supervised the implementation of the resolutions of the Shareholder's General Meeting(s), and concluded that the Board of Directors had duly implemented relevant resolutions passed at the Shareholders' General Meeting(s).

Internal Control

The Board of Supervisors had reviewed the "Report on Assessment of Internal Control of China Merchants Bank Co., Ltd. for 2024", and concurred with the Board of Directors' representations regarding the completeness, reasonableness and effectiveness of the internal control system of the Company as well as its implementation.

5.7 Investigations/Surveys and Trainings Conducted by Directors and Supervisors during the Reporting Period

During the reporting period, the Board of Directors of the Company organised two investigations/surveys for Directors, during which the Directors visited some of the province-level and city-level branches to have deep understanding of the operation and management of the branches and sub-branches, reviewed reports of the branches on operation and management, risk management and control, internal control management, cost management and protection of consumers' rights and interests and put forward targeted opinions and suggestions.

During the reporting period, all Directors and Supervisors of the Company participated in the "Anti- Money Laundering and Counter-Terrorism Financing Training" according to the requirements on duty performance, systematically studied the external situation of anti-money laundering, risk trends of money laundering, important new regulations and risk warnings on anti-money laundering in 2024, and the use of anti-money laundering technology, continuously enhancing the ability of the Board of Directors and the Board of Supervisors to fulfill their duties in the areas of anti-money laundering and counter-terrorism financing. The Chairman of the Board of Directors, all Independent Non-Executive Directors and all Supervisors of the Company reviewed the "Report on the Digitalisation of China Merchants Bank", to have a comprehensive understanding of the development trajectory of China Merchants Bank's digitalisation and to have an in-depth review of the development plan of China Merchants Bank's digitalisation. The Company conducted specialised training for all Directors on topics such as anti-corruption and ESG, including green finance, to strengthen the sense of compliance of Directors in their daily work and to implement anti-commercial bribery and anti-corruption requirements. Mr. Li Menggang, Mr. Liu Qiao, Mr. Li Chaoxian and Mr. Shi Yongdong participated in the Follow-up Training for Independent Directors of Listed Companies organised by Shanghai Stock Exchange, to conduct systematic study on special topics such as independent director system reform of listed companies, changes in independent directors' legal responsibilities under the new situation, information disclosure and independent directors' standardised duty performance. Mr. Li Menggang, Mr. Tian Hongqi and Mr. Li Chaoxian participated in the capacity building training for Independent Directors delivered by the China Association for Public Companies, having an in-depth study of the interpretation on the revision of the Company Law of the People's Republic of China, the "Code of Professional Ethics for Independent Directors of Listed Companies" and the interpretation of the latest cases, etc. Mr. Li Menggang, Mr. Liu Qiao, Mr. Tian Hongqi and Ms. Li Jian took the specialised course on "Key Points and Suggestions on the Anti-Fraud Performance of Independent Directors of Public Companies" organised by Shanghai Stock Exchange, helping Independent Directors accurately understand the securities laws and regulations and relevant business rules, and improve their anti-fraud performance capabilities. Ms. Shi Dai, Mr. Zhu Eric Liwei, Mr. Huang Jian, Mr. Zhong Desheng and Ms. Li Jian have obtained the legal advice referred to in Rule 3.09D of the Hong Kong Listing Rules as at 20 June 2024, and have confirmed that they understand their duties and obligations as Directors of the Company. Some Supervisors participated in the training course for directors, supervisors and senior management of listed companies under the jurisdiction of Shenzhen held by Shenzhen Securities Regulatory Bureau to conduct systematic study on the new "National Nine Guidelines" (新"國九條"), typical cases of listed companies, mergers and acquisitions and restructuring, corporate governance and common issues in annual report disclosure.

The aforesaid investigations/surveys and trainings would be conducive to promoting the improvement of duty performance by the Directors and Supervisors of the Company, and ensuring that the Directors and Supervisors get the full picture of the information required for their duty performance and continue to make contributions to the Board of Directors and the Board of Supervisors of the Company.

5.8 Company Secretary under Hong Kong Listing Rules

Mr. Peng Jiawen and Ms. Ho Wing Tsz Wendy of Tricor Services Limited, an external services provider, were the joint company secretaries of the Company under the Hong Kong Listing Rules. Mr. Peng Jiawen is the major contact person of the Company on internal issues.

During the reporting period, Mr. Peng Jiawen and Ms. Ho Wing Tsz Wendy attended the relevant professional trainings for not less than 15 hours in compliance with the requirements of Rule 3.29 of the Hong Kong Listing Rules.

5.9 Major Amendments to the Articles of Association

During the reporting period, the Company did not amend the Articles of Association of the Company.

5.10 Communication with Shareholders

The Company attaches great importance to communication with its shareholders, and has established an effective communication mechanism with investors. The Board of Directors has always adhered to strict compliance with regulatory requirements, performed the obligation to disclose information in compliance with the law, and constantly improved the quality of the disclosed information of the Company. The Company provided communication channels for investors through the Company's official website, investors' mailbox, hotline and "SSE E-interaction" platform, and in the form of shareholders' meetings, investor briefings, results road shows, investor research, securities analyst research, etc., which fully satisfied the needs of our investors and analysts at home and abroad to communicate with the Company.

The Board of Directors of the Company has reviewed and inspected the implementation of shareholder communication policies such as investor relations management and information disclosure during the reporting period of the Company, and believes that the above work of the Company is positive and effective. As of the end of the reporting period, the price-to-book ratio of the Company's A shares and H shares remained among the top in the domestic banking industry. The Company has obtained the highest rating of A in the annual information disclosure evaluation of listed companies on Shanghai Stock Exchange for the eleventh consecutive year.

Investor relations

During the reporting period, the Company held one on-site annual general meeting, held one annual results press conference, one interim results exchange meeting and one quarterly results exchange meeting in the form of onsite meeting + webcast; nearly 4,000 investors, analysts and media reporters at home and abroad participated in the annual results press conference in person or online. At the press conference, the Chairman and senior management made in-depth presentations on the results achieved by the Company in building a "value creation bank", strengthening and enhancing the capital-heavy business, optimising and expanding the capital-light business, and accelerating to improve the three major capabilities of "wealth management, Fintech and risk management" and other aspects. At the same time, they gave detailed answers to market and media concerns such as how to maintain differentiated characteristics, balanced development of the four major sectors, credit demand and net interest margin outlook, outlook on real estate asset quality, and dividend policy and other matters. The Company released the records of investor exchanges on its official website in a timely manner after the meeting. During the reporting period, the Company insisted on conducting domestic and overseas roadshows led by the senior management, and visited the United States, Europe, Japan, Singapore, Australia, major Chinese cities including Hong Kong to comprehensively, frankly and professionally communicate with various investors and respond to market concerns.

During the reporting period, the Company participated in investment strategy meetings held by a total of 45 investment banks and securities companies. The Company received 93 researches of securities analysts and investors and met with more than 1,200 institutional investors. The Company also answered hundreds of phone calls from its investors and processed hundreds of messages from its investors on the Company's official website, investors' mailbox, and "SSE E-interaction" platform.

The Company has recorded the above-mentioned investor reception and communication activities in accordance with relevant regulatory requirements, and has properly kept the relevant documents.

Information disclosure

In order to strengthen the management of the information disclosure affairs, standardise the information disclosure procedure, and protect the legitimate rights and interests of investors, the Company has established a relatively sound system of information disclosure management in accordance with the domestic and overseas regulatory rules, which provides systematic safeguards and a basis for coordinating the Group's information disclosure work. According to the "Management System for Information Disclosure of China Merchants Bank Co., Ltd." and the "Management System for Inside Information and Insiders of China Merchants Bank Co., Ltd.", the Company specified the internal control procedures and management measures for the disclosure of relevant material information, including inside information. Meanwhile, the Company has also established a series of targeted operation mechanisms and workflows based on specific work requirements to ensure that internal and external information is circulated in an efficient, orderly and confidential manner, so as to guarantee the compliant operation of information disclosure to the greatest extent.

During the reporting period, the Company strictly complied with statutory obligations of information disclosure, and disclosed all major issues in a truthful, accurate, complete, timely and fair manner. On the basis of statutory information disclosure, the Company has always attached importance to enhancing proactiveness and transparency in information disclosure. Guided by the investors' needs, the Company proactively disclosed the report of the preliminary annual results and further strengthened the disclosure of information of concern to investors and hot market issues in periodic reports, focusing on strategic advocacy and performance presentation, insisting on the continuity and comparability of important data disclosure, and fully alerting potential risks and challenges based on the characteristics of bank operations, so as to provide effective information support for investors to make investment decisions. Meanwhile, the Company continues to optimise the form of annual report disclosure, and produced and released a short video named "Anchoring Value and Steady Progress" for 2023 annual report to further enhance the reading experience for investors. During the reporting period, in accordance with regulatory rules and internal rules and systems, the Company effectively managed inside information and insiders, and organised the registration of insiders and other related work in a timely manner.

Investor inquiries

Office of the Board of Directors of China Merchants Bank

Address: 7088 Shennan Boulevard, Futian District, Shenzhen, Guangdong Province, China

Tel: +86 755 8319 8888 (Transfer to the investor relations management team of the Office of the Board of Directors)

Fax: +86 755 8319 5109

Investors may login onto the page of "CMB Info – Investor Relations – Contact Us" on the Company's official website (www.cmbchina.com) and click the URL link "Email" thereon to leave a message for us.

5.11 Shareholders' Rights

Convening of extraordinary Shareholders' General Meetings

An extraordinary Shareholders' General Meeting shall be convened by the Board of Directors upon request in writing by shareholders individually or jointly holding more than 10% of the Company's voting shares at such meeting. The Board of Directors shall, in accordance with the laws, administrative regulations and the Articles of Association of the Company, provide a written reply of approval or disapproval for convening an extraordinary Shareholders' General Meeting within 10 days upon receiving the request. If the Board of Directors agrees to convene an extraordinary Shareholders' General Meeting, a notice of such meeting shall be issued within 5 days upon the approval for a resolution from the Board of Directors.

If the Board of Directors does not agree to convene an extraordinary Shareholders' General Meeting or fails to make a reply within 10 days upon receiving the request, the proposers are entitled to propose to the Board of Supervisors in writing to convene an extraordinary Shareholders' General Meeting. If the Board of Supervisors agrees to convene an extraordinary Shareholders' General Meeting, a notice of such meeting shall be issued within 5 days upon receiving the request. If the Board of Supervisors fails to give such notice of the meeting within the specified timeframe, the shareholders individually or jointly holding more than 10% of the Company's voting shares for more than 90 consecutive days may convene and preside over an extraordinary Shareholders' General Meeting on their own.

Making interim proposals at the Shareholders' General Meetings

If the Company convenes a Shareholders' General Meeting, shareholders individually or jointly holding more than 3% of the total voting shares of the Company may submit interim proposals in writing to the Company at least 15 working days before the convening of the Shareholders' General Meeting and submit the same to the convenor. The convenor shall issue a supplemental notice of the Shareholders' General Meeting within 2 working days upon receiving the interim proposals, and announce the contents of such proposals.

Please refer to section 1.1.4 in Chapter I "Company Information" for the relevant contact details of making interim proposals to the Shareholders' General Meetings.

Convening of extraordinary board meeting

An extraordinary board meeting may be held if it is requisitioned by shareholders representing more than 10% of the voting rights. The Chairman shall convene the extraordinary board meeting within 10 days upon receiving such proposal requisitioned by shareholders representing more than 10% of the voting rights.

Making inquiries and suggestions to the Board of Directors

Shareholders are entitled to inquire the information on the Company in accordance with the provisions of the Articles of Association of the Company upon the submission of written documents certifying the class and quantity of shares of the Company held by the shareholders, on condition that the identity of whom has been verified by the Company. For shareholders who need to inquire relevant information on the Company or have any inquiries about their shareholdings in the Company, please refer to sections 1.1.4 and 1.1.9 in Chapter I "Company Information" for details of the relevant contacts.

Shareholders are entitled to supervise the operation of the Company and put forward suggestions or inquiries on it, please refer to Chapter V "Investor Inquiries" for details of the relevant contacts.

Special provisions on rights of holders of preference shares

In the event of any of the following circumstances, the Company shall notify the preference shareholders of the convening of a Shareholders' General Meeting and follow the procedures for notifying the ordinary shareholders set forth in the Articles of Association of the Company. The preference shareholders of the Company shall be entitled to attend the Shareholders' General Meeting and the classified voting with ordinary shareholders on the following matters: (1) amendments to the Articles of Association in relation to preference shares; (2) reduction of the registered capital of the Company by more than 10% at one time or in the aggregate; (3) merger, division, dissolution or change of corporate form of the Company; (4) issuance of preference shares; (5) other circumstances as specified by laws, administrative regulations or the Articles of Association.

If the Company fails to pay dividends on preference shares as agreed for a total of three fiscal years or two consecutive fiscal years, the voting rights of the preference shareholders shall be restored, and the preference shareholders shall have the right to attend the Shareholders' General Meeting and vote with ordinary shareholders from the day following the date on which the Shareholders' General Meeting resolves not to distribute the dividends of the preference shares as agreed for that year. The voting rights of the aforesaid preference shareholders shall remain in effect until such time as the Company pays the dividends in full for that year.

Other rights

The ordinary shareholders of the Company are entitled to receive distributable profits and other forms of profit appropriation based on their shareholdings. The preference shareholders of the Company are entitled to priority in profit appropriation.

Other rights conferred by laws, administrative regulations and the Articles of Association of the Company.

5.12 Profit Appropriation

5.12.1 The profit appropriation plan for 2024

Ten percent of the audited net profit of the Company for 2024 of RMB139.148 billion, equivalent to RMB13.915 billion, was allocated to the statutory surplus reserve, while 1.5% of the balance of the end-of-period assets with the Company bearing risks and losses, equivalent to RMB13.323 billion, was appropriated to the general reserve. RMB22 million was appropriated to the country risk reserve for country risk exposure with medium, relatively high and high country risk ratings in accordance with the regulatory requirements. 2.5% of the Company's mutual fund custody fee income for 2024, equivalent to RMB56 million, was appropriated to the risk reserve for the mutual fund custody business. Based on the total share capital of A Shares and H Shares on the record date for implementation of the profit appropriation, the Company proposed to declare a cash dividend of RMB2.000 (tax included) for every share to all shareholders of the Company whose names appear on the register, denominated and declared in Renminbi, payable in Renminbi for holders of A Shares and in Hong Kong Dollars for holders of H Shares. The actual appropriation amount in HKD would be calculated based on the average RMB/HKD benchmark rate to be released by the People's Bank of China for the previous week (including the day of the Shareholders' General Meeting) before the date of the Shareholders' General Meeting. The retained profits will be carried forward to the next year. In 2024, the Company did not transfer any capital reserve into share capital. The above profit appropriation plan is subject to consideration and approval at the 2024 Annual General Meeting of the Company.

For the other information on the closing date for registration, the period for closure of register of members and the profit appropriation plan for the shareholders who are entitled to attend the Company's 2024 Annual General Meeting and those who are entitled to receive the final dividends for 2024, the Company will make further announcement(s) at appropriate times. The Company expects that the distribution of final dividends to the H Shareholders will be completed by 30 August 2025.

5.12.2 Profit appropriation of the Company for the last three years

Year	Number of bonus shares for every share held (No. of shares)	Cash dividend for every share held (inclusive of tax, in RMB)	Number of shares issued on capitalisation of surplus reserve for every share held (No. of shares)	Total cash dividends (inclusive of tax, in millions of RMB)	Net profit attributable to holders of ordinary shares in the consolidated financial statements for the year (in millions of RMB)	Proportion of cash dividend to net profit attributable to holders of ordinary shares in the consolidated financial statements (%)
2022	–	1.738	–	43,832	132,775	33.01
2023	–	1.972	–	49,734	142,044	35.01
2024(Note)	–	2.000	–	50,440	142,810	35.32

Note: The profit appropriation plan for 2024 is subject to consideration and approval at the 2024 Annual General Meeting of the Company.

5.12.3 The formulation and implementation of the Company's cash dividend policies

1. As specified in the Articles of Association of China Merchants Bank Co., Ltd., the profit appropriation policies of the ordinary shares of the Company are:

   (1) Profit appropriation of the Company shall focus on reasonable returns on investment of shareholders, and such policies shall maintain continuity and stability.

   (2) The Company may distribute dividends in cash, shares or a combination of cash and shares, and it shall distribute dividends mainly in cash. Subject to compliance with prevailing laws, regulations and the requirements of relevant regulatory authority on the capital adequacy ratio, as well as the requirements of general working capital, business development and the need for substantial investment, merger and acquisition plans of the Company, the cash dividend to be distributed by the Company to shareholders of ordinary shares each year in principle shall not be less than 30% of the net profit after taxation attributable to shareholders of ordinary shares audited in accordance with the PRC Generally Accepted Accounting Principles for that year. The Company may pay interim cash dividend. Unless another resolution is passed at the Shareholders' General Meeting, the Board of Directors shall be authorised by the shareholders at a Shareholders' General Meeting to approve the interim profit appropriation plan.

   (3) If the Company generated profits in the previous accounting year but the Board of Directors did not make any cash profit appropriation plan after the end of the previous accounting year, the Company shall state the reasons for not distributing the profit and the usage of the profit retained in the periodic report and the Independent Directors shall give an independent opinion in such regard.

   (4) If the Board of Directors considers that the price of the shares of the Company does not match the size of the share capital of the Company or where the Board of Directors considers necessary, the Board of Directors may propose a profit appropriation plan in the form of shares and implement the same upon consideration and approval at a Shareholders' General Meeting, provided that the above-mentioned cash profit appropriation requirements are satisfied.

   (5) The Company shall pay cash dividends and other amounts to holders of domestic shares listed domestically and such sums shall be calculated, declared and paid in Renminbi. The Company shall pay cash dividends and other amounts to holders of H Shares and such sums shall be calculated and declared in Renminbi and paid in Hong Kong Dollars. The foreign currencies required by the Company for payment of cash dividends and other sums to shareholders of overseas listed foreign shares shall be handled according to the relevant requirements of foreign exchange administration of the State.

   (6) Where appropriation of the Company's fund by a shareholder, which is in violation of relevant rules, has been identified, the Company shall make a deduction against the cash dividend to be paid to such shareholder, and such amount shall be used as the reimbursement of the funds appropriated.

   (7) The Company shall disclose the implementation progress of the cash dividend policy and other relevant matters in its periodic reports in accordance with the applicable requirements.

2. During the reporting period, the profit appropriation plan of the Company for 2023 was implemented in strict accordance with the relevant provisions of the Articles of Association of China Merchants Bank Co., Ltd. It was considered and approved by the 31st meeting of the Twelfth Session of the Board of Directors of the Company and submitted for consideration and approval at the 2023 Annual General Meeting. The minority shareholders were afforded opportunities to fully express their views and requests. The criteria and proportion of cash dividends were clear and specific, and the Board of Directors of the Company has implemented the profit appropriation plan. The profit appropriation plan of the Company and its implementation have provided adequate protection for the legitimate rights and interests of minority investors. The profit appropriation plan of the Company for 2024 will also be implemented in strict accordance with the relevant provisions of the Articles of Association of China Merchants Bank Co., Ltd. It will be considered and approved by the 48th meeting of the Twelfth Session of the Board of Directors of the Company and submitted for consideration and approval at the 2024 Annual General Meeting of the Company.

5.13 Taxes and Tax Deductions

The shareholders of the Company pay relevant taxes according to the following regulations and the tax laws updated from time to time, enjoy possible tax deductions as the case may be, and shall consult with their professional tax and legal consultants for specific payment affairs. The laws, regulations, and rules cited as follows are relevant provisions promulgated as of 31 December 2024.

A-share shareholders

For natural person shareholders and securities investment fund shareholders holding the Company's A Shares, according to relevant provisions of the Notice on the Issues Concerning the Implementation of the Policies for Differentiated Individual Income Tax Imposed upon the Dividends and Bonuses from Listed Companies (關於實施上市公司股息紅利差別化個人所得稅政策有關問題的通知) (Cai Shui [2012] No.85) and the Notice on the Issues Concerning the Policies for Differentiated Individual Income Tax Imposed upon the Dividends and Bonuses from Listed Companies (關於上市公司股息紅利差別化個人所得稅政策有關問題的通知) (Cai Shui [2015] No.101), if the holding period is within one month (including one month), the full amount of dividends and bonuses shall be included in the taxable income, and the actual tax burden ratio is 20%; if the holding period is from 1 month to 1 year (including 1 year), 50% of the dividends and bonuses shall be included in the taxable income, and the actual tax burden ratio is 10%; if the holding period exceeds one year, the dividends and bonuses shall be temporarily exempted from individual income tax.

For qualified foreign institutional investor (QFII) shareholders who hold the Company's A Shares, the Company shall, in accordance with the provisions as set forth in the Notice on the Issues Concerning Chinese Resident Enterprises' Withholding of Enterprise Income Tax for Payment of Dividends, Bonuses, and Interest to QFII (關於中國居民企業向 QFII 支付股息、紅利、利息代扣代繳企業所得稅有關問題的通知) (Guo Shui Han [2009] No.47), withhold and pay the enterprise income tax at the tax rate of 10%. If qualified foreign institutional investor (QFII) shareholders are involved in enjoying tax treaty (arrangement) treatment, the withholding of enterprise income tax shall be implemented in accordance with the Announcement of the State Administration of Taxation on Administrative Measures for Non-resident Taxpayers to be Entitled to Benefits under Tax Treaty (國家稅務總局關於發佈〈非居民納稅人享受協定待遇管理辦法〉的公告) (State Administration of Taxation Announcement No.35 of 2019) and the Notice on the Issues Concerning Chinese Resident Enterprises' Withholding of Enterprise Income Tax for Payment of Dividends, Bonuses, and Interest to QFII (關於中國居民企業向 QFII 支付股息、紅利、利息代扣代繳企業所得稅有關問題的通知) (Guo Shui Han [2009] No.47).

For investors (including enterprises and individuals) of The Stock Exchange of Hong Kong Limited (SEHK) investing in the Company's A Shares listed on Shanghai Stock Exchange (referred to as Northbound Trading). According to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知) (Cai Shui [2014] No. 81), the dividends and bonuses shall be distributed in RMB by the Company through China Securities Depository and Clearing Corporation Limited Shanghai Branch to the account of the nominal holder of A Shares. The Company will withhold income tax at the tax rate of 10% and apply to the competent taxation authority for withholding declaration. For Northbound Trading investors who are tax residents of other countries or regions and the income tax rate for dividends and bonuses is lower than 10% as stipulated in the tax treaty signed between its domicile country or region and China, the withholding of enterprise income tax shall be implemented in accordance with the Announcement of the State Administration of Taxation on Administrative Measures for Non-resident Taxpayers to Enjoy Treaty Benefits under Tax Treaty (State Administration of Taxation Announcement No.35 of 2019) and the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81).

For other A-share shareholders (including institutional investors) who are resident enterprises under the Law of the People's Republic of China on Enterprise Income Tax, the income tax shall be declared and paid by themselves.

H-share shareholders

According to relevant provisions of the Notice on Matters Concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No. 045 (關於國稅發[1993]045 號文件廢止後有關個人所得稅徵管問題的通知) (Guo Shui Han [2011] No. 348) and the Notice on the Issues Concerning Chinese Resident Enterprises' Withholding of Enterprise Income Tax for Distribution of Dividends to H-share Shareholders Who Are Foreign Non-resident Enterprises (關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知) (Guo Shui Han [2008] No.897) issued by the State Administration of Taxation, the Company withholds dividend income tax at the tax rate of 10% for individual and enterprise shareholders of the Company's H Shares. However, if otherwise set forth in relevant tax laws, regulations, and treaties, the Company shall handle specifically in accordance with the tax levy and administration requirements of the taxation authorities.

For investors investing in the Company's H Shares through Southbound Trading, according to the relevant requirements of the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81) and the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Cai Shui [2016] No. 127), the Company shall withhold individual income tax at the tax rate of 20% for dividends received by individual investors in the Chinese mainland from investing in the Company's H Shares through Southbound Trading; dividends received by securities investment funds in the Chinese mainland from investing in the Company's H Shares through Southbound Trading shall be taxed as individual investors; the Company will not withhold income tax on dividends for corporate investors in the Chinese mainland, and the tax payable shall be declared and paid by the relevant enterprises themselves.

Shareholders of domestic preference shares

The individual income tax payment matters related to the dividends of domestic preference shares obtained by individuals through non-public issuance shall be handled in accordance with relevant taxation laws and regulations of China.

According to the Law of the People's Republic of China on Enterprise Income Tax and the Regulations for Implementation of the Law on Enterprise Income Tax, the dividend income of domestic preference shares among eligible resident enterprises shall be tax-free income. The dividend income of domestic preference shares obtained by non-resident enterprises shall be tax-deductible, and the enterprise income tax shall be levied at the tax rate of 10%.

5.14 Information on Employees

As of 31 December 2024, the Group had a total of 117,201 employees[36] (including dispatched employees).

The classification of the Group's employees by gender is: 49,855 males and 67,346 females, with a relatively balanced gender ratio.

The classification of the Group's employees by profession is: 20,435 employees in corporate finance, 52,460 employees in retail finance, 6,977 employees in risk management, 17,065 employees in operation and management, 10,900 employees in research and development, 1,032 employees in administrative and logistics support and 8,332 employees in comprehensive management.

The classification of the Group's employees by educational background is: 30,885 employees with master's degrees and above, 75,031 employees with bachelor's degrees and 11,285 employees with junior college degrees or below.

The distribution of the Group's employees by regions is: 28,023 employees in the Yangtze River Delta, 15,058 employees in the Bohai Rim, 36,292 employees in the Pearl River Delta and the Western Taiwan Straits Economic Zone, 5,273 employees in the Northeast, 12,832 employees in the Central, 16,435 employees in the West and 3,288 employees outside the Chinese mainland.

The classification of the Group's employees in research and development by educational background is: 5,271 employees with master's degrees or above, 5,515 employees with bachelor's degrees and 114 employees with junior college degrees or below. The age structure is as follows: 4,809 employees aged 30 and below, 4,945 employees aged 30-40 (excluding 30, but including 40), 968 employees aged 40-50 (excluding 40, but including 50), 176 employees aged 50-60 (excluding 50, but including 60) and 2 employees aged over 60.

36 Including employees of the Company, CMB Wing Lung Bank and its subsidiaries, CMB Financial Leasing, CMB International Capital and its subsidiaries, CMB Wealth Management, China Merchants Fund and its subsidiaries, CIGNA & CMB Life Insurance, CIGNA & CMAM, MUCFC, CMB Network Technology and CMB YunChuang.

The Company is committed to eliminating gender discrimination in recruitment. In terms of remuneration management, the Company adheres to the principle of gender equality in remuneration and benefits, and provides employees with equal training and career development opportunities. For details, please refer to 4.3.9 "Human capital development" in this report. The Company will continue to take steps to promote diversity among employees at all levels.

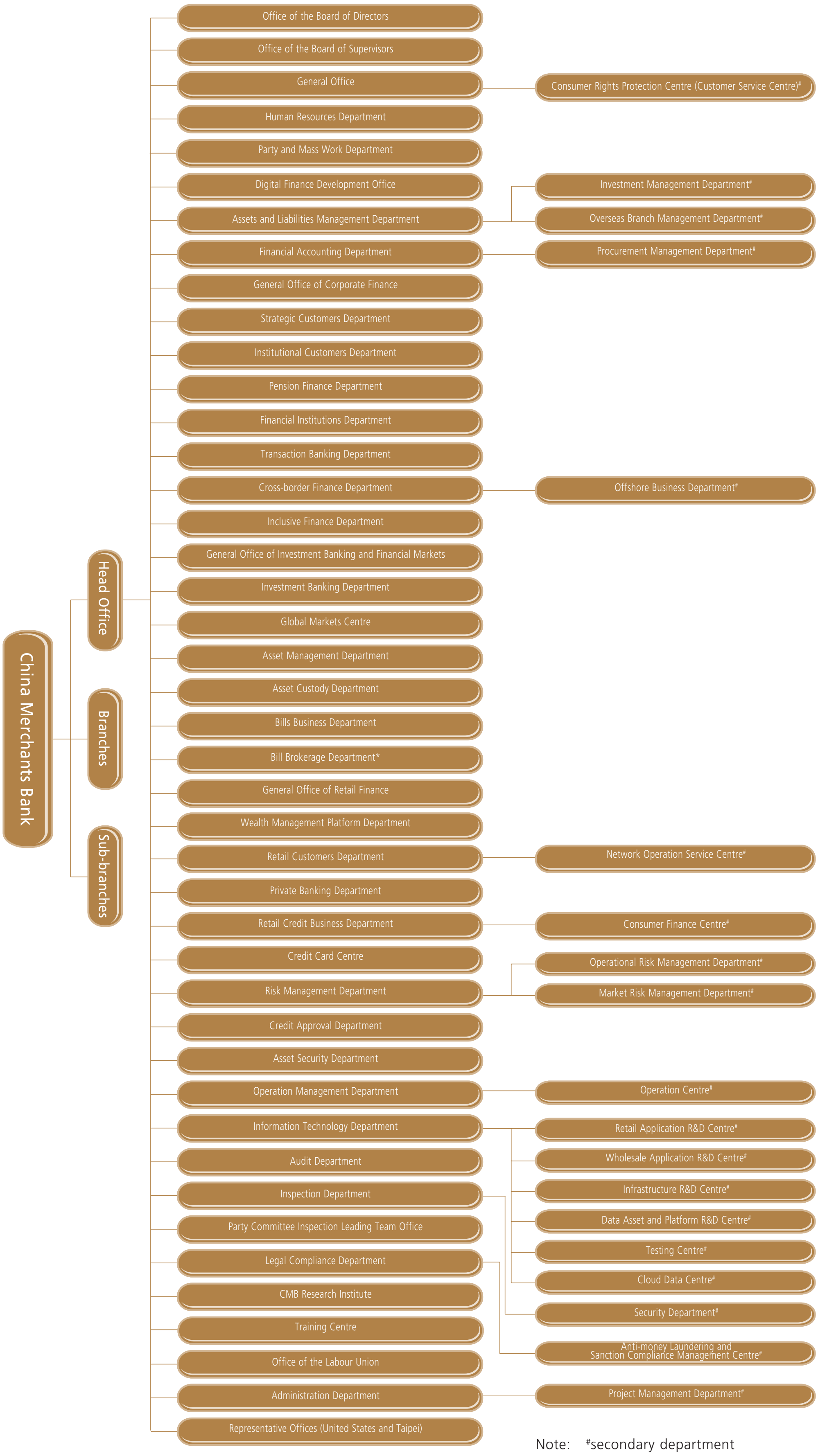
Staff remuneration policy and training

The Company's remuneration policy is in line with its cultural concepts, operation targets and corporate values. It aims to "improve its market-based remuneration incentive and restrictive mechanisms, serve its strategic and business development and fully mobilise the enthusiasm of its teams". The remuneration policy adheres to the remuneration management principles featuring "value guidance, performance base, Six Can-do mechanism and risk control" and reflects the remuneration concept of "get more pay for more work in a flexible way". At the same time, in order to mitigate various operating and management risks, the Company has established a mechanism related to remuneration deferred payment and performance-based remuneration recovery and deduction for senior management and employees in positions with significant influence on risks in accordance with regulatory requirements and operational management needs. During the reporting period, for employees who violate rules and disciplines or incur significant exposure of risks within their responsibilities, the Company has, in accordance with the relevant regulations, deducted, stopped payment and recalled their performance-related remuneration according to the severity.

The Company has established a multi-level, professional and digital talent training system, and adopts a diversified training method that combines online and offline training. The contents of training mainly focus on knowledge of its business and products, professional ethics and risk compliance, cultural values and leadership, covering employees' needs for career growth at different levels.

For details of the Company's human capital development, please refer to section 4.3.9 "Human capital development" in this report.

5.15 Organisational Structure of the Company as at the End of the Reporting Period



Note: #secondary department
*independent secondary department

5.16 Head Office and Branches and Representative Offices as at the End of the Reporting Period

Region	Name of branch	Business address	No. of branches	Asset scale (in millions of RMB)
Head Office	Head Office	7088 Shennan Boulevard, Futian District, Shenzhen	1	3,677,705
	Credit Card Centre	686 Lai'an Road, Pudong New Area, Shanghai	1	908,965
	Global Markets Centre	Floor 6, Building 2, No. 1088, Lujiazui Ring Road, Pudong New Area, Shanghai	1	1,113,098
Yangtze River Delta	Shanghai Branch	1088 Lujiazui Ring Road, Pudong New Area, Shanghai	104	492,846
	Shanghai Pilot Free Trade Zone Branch	56 Bohang Road, Pudong New Area, Shanghai	4	16,968
	Nanjing Branch	199 Lushan Road, Jianye District, Nanjing	86	296,799
	Hangzhou Branch	300 Fuchun Road, Shangcheng District, Hangzhou	80	285,925
	Ningbo Branch	342 Min' an East Road, Yinzhou District, Ningbo	35	120,339
	Suzhou Branch	36 Wansheng Street, Industrial Park, Suzhou	35	161,325
	Wuxi Branch	6-107, 6-108 1st Financial Street, Binhu District, Wuxi	21	75,735
	Wenzhou Branch	464 Fudong Road, Lucheng District, Wenzhou	16	38,777
	Nantong Branch	88 Kerong Road, Chongchuan District, Nantong	18	39,670
Bohai Rim	Beijing Branch	156 Fuxingmen Nei Street, Xicheng District, Beijing	131	563,800
	Qingdao Branch	65 Hai'er Road, Laoshan District, Qingdao	54	83,175
	Tianjin Branch	255 Guangdong Road and 9 Qianjin Road, Hexi District, Tianjin	46	115,462
	Jinan Branch	7000 Jingshi Road, High-tech Zone, Jinan	64	150,874
	Yantai Branch	117 Changjiang Road, Economic &Technological Development Area, Yantai	17	30,041
	Shijiazhuang Branch	172 Zhonghua South Street, Qiaoxi District, Shijiazhuang	22	42,038
	Tangshan Branch	45 Beixinxi Road, Lubei District, Tangshan	12	17,300
Pearl River Delta and the Western Taiwan Straits Economic Zone	Guangzhou Branch	5 Huasui Road, Tianhe District, Guangzhou	77	302,246
	Shenzhen Branch	2016 Shennan Boulevard, Futian District, Shenzhen	117	560,701
	Fuzhou Branch	316 Jiangbinzhong Boulevard, Taijiang District, Fuzhou	41	87,961
	Xiamen Branch	18 Lingshiguan Road, Siming District, Xiamen	33	86,134
	Quanzhou Branch	China SCE•International Finance Centre South of Eastern Section of Baozhou Road, Fengze District, Quanzhou	17	34,737
	Dongguan Branch	200 Hongfu Road, Nancheng District, Dongguan	30	83,097
	Foshan Branch	12 Denghu Road East, Nanhai District, Foshan	36	85,667
Northeast	Shenyang Branch	12 Shiyiwei Road, Heping District, Shenyang	51	53,749
	Dalian Branch	17 Renmin Road, Zhongshan District, Dalian	35	45,664
	Harbin Branch	3 Zhongyang Avenue, Daoli District, Harbin	42	46,615
	Changchun Branch	9999 Renmin Avenue, Nanguan District, Changchun	23	27,419

Region	Name of branch	Business address	No. of branches	Asset scale (in millions of RMB)
Central	Wuhan Branch	188 Yunxia Road, Jianghan District, Wuhan	101	208,288
	Nanchang Branch	1111 Huizhan Road, Honggutan New District, Nanchang	49	103,539
	Changsha Branch	39 Chazishan East Road, Yuelu District, Changsha	49	108,215
	Hefei Branch	169 Funan Road, Hefei	42	110,270
	Zhengzhou Branch	96 Nongye Road East, Zhengzhou	53	111,414
	Taiyuan Branch	265 Nan Zhong Huan Road, Xiaodian District, Taiyuan	23	46,251
	Haikou Branch	1 Shimao Road North, Haikou	11	45,724
West	Chengdu Branch	488 Tianfu 4th Street, High-tech Zone, Chengdu	59	145,269
	Lanzhou Branch	9 Qingyang Road, Chengguan District, Lanzhou	24	44,415
	Xi'an Branch	1 Gaoxin No.2 Road, Gaoxin District, Xi'an	70	157,574
	Chongqing Branch	88 Xingguang Road, New North District, Chongqing	50	143,151
	Urumqi Branch	2 Huanghe Road, Urumqi	18	37,921
	Kunming Branch	1 Chongren Street, Wuhua District, Kunming	56	78,266
	Hohhot Branch	9 Chilechuan Avenue, Saihan District, Hohhot	23	39,477
	Nanning Branch	136-5 Minzu Avenue, Qingxiu District, Nanning	19	42,257
	Guiyang Branch	West 2nd Tower, International Finance Centre, Guanshanhu District, Guiyang	18	33,976
	Yinchuan Branch	138 Beijingzhong Road, Jinfeng District, Yinchuan	14	17,748
	Xining Branch	79 Haiyan Road, Chengxi District, Xining	11	11,820
Overseas	Hong Kong Branch	31/F, Three Exchange Square, 8 Connaught Place, Central, Hong Kong	1	118,343
	USA Representative Office	18/F, 535 Madison Avenue, New York, U.S.A	1	–
	New York Branch	18/F, 535 Madison Avenue, New York, U.S.A	1	53,538
	Singapore Branch	1 Raffles Place, Tower2, #32-61, Singapore	1	21,787
	Taipei Representative Office	333, Section 1, Jilong Road, Xinyi District, Taipei	1	–
	Luxembourg Branch	20 Boulevard Royal, L-2449, Luxembourg	1	17,136
	London Branch	18/F, 20 Fenchurch Street, London, UK	1	20,700
	Sydney Branch	L39, GPT, 1 Farrer Place, Sydney, NSW	1	16,703
Total	/	/	**1,948**	**11,378,614**

5.17 Internal Control

During the reporting period, the Company carried out promotion and education of compliance culture, continuously providing employees with compliance education, case warning education and behavioural norms education, vigorously promoting the concept of compliance, and continuously strengthening employees' compliance awareness. By launching the theme activity of "Special Rectification Action on Risk and Compliance", and focusing on the four key tasks of "study, inspection, rectification and improvement", the Company implemented categorised policies to promote root-cause rectification and comprehensively improve the level of internal control and compliance management.

During the reporting period, the Company further reinforced inspection and rectification. In accordance with the new external regulations and internal requirements of "strict management", the Company initiated the revision of the Administrative Measures for Supervision and Inspection of China Merchants Bank and Administrative Measures for Rectification so as to further improve the work responsibility system for inspection and rectification and closed-loop management mechanism. On this basis, the Company intensified its internal supervision and inspection, fully disclosed the problems, risks and deficiencies in operation and management, and continuously improved the internal control and management level of the Company. At the same time, the Company fully implemented the rectification work of the problems found during internal and external inspection and effectively guaranteed the compliance operation and stable development of the Company's businesses.

The Company organised evaluation campaigns on the status of internal control of the whole Bank in 2024. As reviewed by the Board of Directors of the Company, no significant defects in terms of completeness, reasonableness and effectiveness were found in the Company's internal control system. For details, please refer to the "Report of Evaluation on Internal Control of China Merchants Bank Co., Ltd. in 2024", and the "Auditors' Report on Internal Control of China Merchants Bank Co., Ltd. in 2024" issued by the accounting firm with standard unqualified opinions.

5.18 Internal Audit

The Company implements an independent and vertical internal audit system. The Board of Directors shall take the ultimate responsibility for the independence and effectiveness of the internal audit, review and approve the internal audit charter, audit organisation system, medium- and long-term audit plan and annual audit plan, appoint the head of the Audit Department, provide necessary guarantees for the independent and objective implementation of internal audit and assess the independence and effectiveness of internal audit. The Head Office has set up an Audit Department to undertake specific internal audit responsibilities, accept the leadership of the Head Office Party Committee, be responsible for and report to the Board of Directors and its Audit Committee and accept the guidance of the Board of Supervisors. The Head Office Audit Department has nine audit divisions to strengthen the audit, inspection and rectification follow-up of regional branches and institutions. The Head Office Audit Department has set up nine teams to increase support and guidance to the audit division and four corresponding audit teams to strengthen the audit of Head Office departments, overseas institutions, anti-money laundering mechanism, credit card business, etc.

During the reporting period, the Company focused on the implementation of national economic and financial policies, incorporated the "five major articles "in terms of finance sectors, and regulatory compliance requirements, bank-wide strategic execution and risk management in key areas into the audit priorities, further strengthened deterrent effect of audit supervision, enhanced the systematic governance of audit rectification, pushed forward the construction of digital audit, enhanced audit effectiveness, thereby contributing audit strength to achieve high-quality development of the Company driven by "adopting strict management, upholding fundamental principles and breaking new ground (守正創新)".

5.19 Compliance with the Corporate Governance Code

The Company has applied the principles set out in the Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules to its corporate governance structure and practices, and the application of such principles is set out in this report. During the reporting period, the Company had complied with the principles and code provisions of the Corporate Governance Code and adhered to the majority of the recommended best practices thereunder.

Partner value is the key element of all value.

Adhering to the principles of sincere cooperation, mutual benefit and results sharing, to build the "most trusted bank by partners".

Important Events

6.1 Principal Business Activities

The Company is engaged in banking and related financial services.

6.2 Financial Highlights

Details are set out in Chapter II Summary of Accounting Data and Financial Indicators.

6.3 Reserve Available for Distribution

For details of changes in the reserve available for distribution of the Company, please refer to the "Statement of Changes in Equity" in the financial statements.

6.4 Fixed Assets

Changes in fixed assets of the Company as at the end of the reporting period are detailed in Note 28 to the financial statements.

6.5 Purchase, Sale or Repurchase of Listed Securities of the Company

Neither the Company nor its subsidiaries had purchased, sold or repurchased any of the Company's listed securities (including treasury shares) during the reporting period.

As at the end of the reporting period, the Company did not have treasury shares.

6.6 Pre-emptive Rights

There is no provision for pre-emptive rights under the Articles of Association of the Company and the shareholders of the Company have not been granted any pre-emptive rights.

6.7 Retirement and Welfare

Details about retirement welfare provided by the Company to its employees are detailed in Note 39 to the financial statements.

6.8 Principal Customers

As at the end of the reporting period, the net operating income contributed by the top 5 customers of the Company did not exceed 30% of the total net operating income of the Company.

6.9 Compliance with Laws and Regulations

During the reporting period, the Company has complied in all material aspects with the relevant laws and regulations that would have a material impact on the operations of the Company.

6.10 Directors' Interests in the Businesses Competing with Those of the Company

During the reporting period, none of the Directors of the Company has any interests in the businesses which compete or are likely to compete, either directly or indirectly, with those of the Company.

6.11 Financial, Business and Kinship Relations among Directors, Supervisors and Senior Management

Save as disclosed herein, the Company is not aware that there has been any financial, business, kinship or other material or connected relations among the Directors, Supervisors and senior management of the Company.

6.12 Contractual Rights and Service Contracts of Directors and Supervisors

During the reporting period, the Directors and Supervisors of the Company have no material interests in contracts of significance to which the Company or any of its subsidiaries was a party. None of the Directors and Supervisors of the Company has entered into any service contract with the Company which is not terminable by the Company within one year without payment of compensation (excluding statutory compensation).

6.13 Disciplinary Actions Imposed on the Company, Directors, Supervisors or Senior Management

During the reporting period, the Company was not subject to criminal investigations for suspected crimes. The Company, its Directors, Supervisors and senior management members were not subject to criminal punishment, or subject to investigations by the CSRC or administrative punishment by the CSRC for suspected violations of laws and regulations, or subject to administrative punishments by other competent authorities that have major impact on the operation of the Company. None of the Directors, Supervisors and senior management members of the Company was subject to compulsory measures in accordance with the law for suspected crimes, or subject to detention by the disciplinary inspection and supervision authorities for suspected serious violations of laws and regulations or duty-related crimes that affected the performance of their duties, or subject to compulsory measures taken by other competent authorities for suspected violations of laws and regulations that affected the performance of their duties.

6.14 Explanation on the Integrity of the Company

During the reporting period, there were no circumstances where the Company failed to fulfill any obligation under effective court judgements or repay any due debt of a significant amount.

6.15 Undertakings

In the course of the rights issue of A shares and H shares in 2013, each of China Merchants Group Ltd., China Merchants Steam Navigation Co., Ltd. (招商局輪船股份有限公司) (now renamed as China Merchants Steam Navigation Co., Ltd. (招商局輪船有限公司)) and China Ocean Shipping (Group) Company (now renamed as China Ocean Shipping Company Limited) had undertaken that they would not seek for related party transactions on terms more favourable than those given to other shareholders; they would repay the principal and interest of the loans granted by the Company on time; they would not interfere with the daily operations of the Company. Upon expiration of the lock-up period of the allocated shares, they would not transfer their allocated shares until they obtain the approval from the regulatory authorities on the share transfer and the shareholder qualification of transferees; and upon obtaining the approval from the Board of Directors and the Shareholders' General Meeting of the Company, they would continue to support the reasonable capital needs of the Company; they would not impose unreasonable performance indicators on the Company. For details, please refer to the A Share Rights Issue Prospectus dated 22 August 2013 on the websites of Shanghai Stock Exchange, Hong Kong Exchanges and Clearing Limited and the Company. So far as the Company is aware, as at the end of the reporting period, the above shareholders had not violated the aforesaid undertakings.

According to the relevant requirements of the CSRC, the Company considered and approved the "Resolution Regarding the Dilution of Current Returns by the Non-public Issuance of Preference Shares and the Remedial Measures" at its 2016 Annual General Meeting, and formulated the remedial measures in respect of the dilution of current returns of the holders of ordinary shares which may be caused by the non-public issuance of preference shares. Meanwhile, the Directors and senior management of the Company also undertook to earnestly implement the remedial measures. For details, please refer to the documents of the 2016 Annual General Meeting of the Company published on the websites of the Shanghai Stock Exchange, Hong Kong Exchanges and Clearing Limited and the Company. So far as the Company is aware, as at the end of the reporting period, neither the Company nor its Directors and senior management had breached any of the aforesaid undertakings.

6.16 Significant Connected Transactions[37]

6.16.1 Overview of connected transactions

Pursuant to Chapter 14A of the Hong Kong Listing Rules, a majority of continuing connected transactions of the Company met de minimis exemption and the non-exempt continuing connected transactions fulfilled the relevant reporting and announcement required by the Hong Kong Listing Rules.

6.16.2 Non-exempt continuing connected transactions

As at the end of the reporting period, the Company and China Merchants Securities Co., Ltd. held 55% and 45% of the equity interest in CMFM, respectively. Therefore, in accordance with the Hong Kong Listing Rules, CMFM and its associates ("CMFM Group") are connected parties of the Company, and the fund agency distribution service provided by the Company to CMFM Group constituted non-exempt continuing connected transactions of the Company under the Hong Kong Listing Rules.

On 28 December 2022, the Company entered into a Business Co-operation Agreement with CMFM on normal commercial principles after arm's length negotiation for a term commencing on 1 January 2023 and expiring on 31 December 2025. CMFM Group shall calculate fees based on the rates specified in the fund offering documents and/or the offering prospectuses, and shall pay agency service fees to the Company according to the agreement. Meanwhile, the Company has announced the annual caps of RMB1.5 billion, RMB1.8 billion and RMB2.2 billion for the continuing connected transactions with CMFM Group for 2023, 2024 and 2025, respectively as approved by the Board of Directors. The annual caps for the service fees were not more than 5% of the relevant percentage ratios calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules. Therefore, these transactions would only be subject to the reporting, announcement and annual review requirements under the Hong Kong Listing Rules, and exempt from the independent shareholders' approval requirement. For details, please refer to the relevant announcement of the Company dated 28 December 2022.

During the reporting period, the total value of continuing connected transactions between the Company and CMFM Group amounted to RMB930 million.

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[37] Both "connected transactions" and "connected parties" in this section are terms used in Hong Kong Listing Rules.

6.16.3 Confirmation from the Independent Non-Executive Directors and auditors

The Independent Non-Executive Directors of the Company have reviewed the above-mentioned non-exempt continuing connected transactions between the Company and CMFM Group and confirmed that:

1. The transactions were entered into in the ordinary and usual course of business of the Company;
2. The terms of the transactions are fair and reasonable, and are in the interest of the Company and its shareholders as a whole;
3. The transactions were entered into on normal commercial terms or better terms;
4. The transactions were conducted in accordance with the terms of relevant agreements.

Furthermore, pursuant to rule 14A.56 of the Hong Kong Listing Rules, the Company has engaged Ernst & Young to perform relevant assurance procedures on the continuing connected transactions of the Group in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Board of Directors confirmed that the auditor has reported the results of its performing procedures to the Board of Directors.

Regarding the disclosed continuing connected transactions, nothing of these transactions has come to the attention of the auditor as to the circumstances described under rule 14A.56 of the Hong Kong Listing Rules. Ernst & Young has issued an assurance letter in respect of the findings of the above continuing connected transactions.

6.16.4 Significant transactions with related parties

The significant transactions between the Company and related parties are set out in note 61 to the financial statements. These transactions were entered into between the Company and its related parties in its ordinary course of business on normal commercial terms and with the principle of fairness, including borrowings, investments, deposits, securities trading, agency services, custody and other fiduciary operations as well as off-balance sheet transactions, and those which constituted connected transactions under the Hong Kong Listing Rules were in compliance with the applicable requirements thereof.

6.17 Material Litigations and Arbitrations

Several litigations were filed during the daily operation of the Company, most of which were filed proactively for the purpose of recovering non-performing loans. As of the end of the reporting period, there were 235 pending on final judgement cases (including litigations and arbitrations) in which the Company was involved, with an aggregate principal and interest of RMB2,018 million. The Company believes that none of the above litigation and arbitration cases would have a material adverse impact on the financial position or operating results of the Company.

6.18 Material Contracts and Their Performance

Significant events in respect of holding in custody, contracting, hiring or leasing of assets

During the reporting period, the Company did not have any material contract signed in connection with holding in custody, contracting, hiring or leasing of any assets of other companies outside the normal scope of banking businesses, or vice versa.

Significant guarantees

Guarantee business falls within the Company's ordinary course of business. During the reporting period, save for the financial guarantees entered into in our normal business scope approved by the PRC banking regulatory authorities, the Company did not have any other significant disclosable guarantees, nor was the Company a party to any guarantee contract in violation of the resolution procedures of external guarantees as required by laws, administrative regulations and the CSRC.

6.19 Use of Funds by Related Parties

During the reporting period, no related parties used any funds of the Company for non-operating purposes, and none of them used the funds of the Company through, among others, any related party transactions not entered into on an arm's length basis. Ernst & Young Hua Ming LLP, being the auditor of the Company, has issued a special audit opinion in this regard.

6.20 Engagement of Accounting Firms

In 2023, Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership) and Deloitte Touche Tohmatsu have audited the financial statements of the Company prepared in accordance with the PRC Generally Accepted Accounting Principles and the IFRS Accounting Standards, respectively, and each has issued an unqualified audit report. Upon completion of the annual audit work for the year 2023 of the Company, Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership) and Deloitte Touche Tohmatsu have provided audit services for the Company for eight consecutive years, reaching the maximum term of consecutive engagement as specified by the Ministry of Finance. The Company is required to change its accounting firms in 2024.

Upon the approval at the 2023 Annual General Meeting of the Company, the Company engaged Ernst & Young Hua Ming LLP as the domestic accounting firm of the Company and its domestic subsidiaries for 2024, and engaged Ernst & Young et al. as the international accounting firm of the Company and its overseas subsidiaries for 2024. The term of each of the engagements is one year. Benny Bing Yin Cheung is the engagement partner and certified public accountant who signed the IFRS audit report, Feng Suoteng is the engagement partner and certified public accountant who signed the PRC GAAP audit report, and Fan Xun is the other certified public accountant who signed the PRC GAAP audit report, each of whom provides audit services to the Company for the first time.

The Company has fully communicated with the previous and current accounting firms on the change of the accounting firm, and they have no objection to the change and confirm that there is no matter regarding the change of the accounting firm that needs to be brought to the attention of the shareholders or creditors of the Company.

Save as disclosed above, the Company did not change its accounting firms in the past three financial years.

The financial statements of the Company for 2024 prepared under the PRC Generally Accepted Accounting Principles and the internal control of the Company as at the year end of 2024 were audited by Ernst & Young Hua Ming LLP, and the financial statements for 2024 prepared under IFRS Accounting Standards were audited by Ernst & Young. The total audit fees of the Group amounted to approximately RMB27.20 million, among which the audit fees for internal control were approximately RMB1.04 million, and the above audit service fees are determined by invitation of tender according to the audit workload and on the principle of fairness and reasonableness. The Company paid the total non-audit fees of approximately RMB13.95 million to Ernst & Young Hua Ming LLP and Ernst & Young for 2024. Ernst & Young Hua Ming LLP and Ernst & Young confirmed that the provision of such non-audit services would not compromise their audit independence.

6.21 Explanation of Changes of Accounting Policies and Accounting Estimates

For details of accounting policies and accounting estimates of the Company during the reporting period, please refer to Note 4 "Material accounting policy information" and Note 5 "Significant accounting estimates and judgements" to the financial statements. For details of the changes of accounting policies, please refer to Note 3 "Application of new and amendments to IFRS Accounting Standards" to the financial statements.

6.22 Review of Annual Results

Ernst & Young Hua Ming LLP and Ernst & Young, both being the external auditors of the Company, have audited the financial statements of the Company prepared in accordance with the PRC Generally Accepted Accounting Principles and the IFRS Accounting Standards, respectively, and each has issued an unqualified audit report. The Audit Committee under the Board of Directors of the Company has reviewed the Company's annual report for 2024.

6.23 Annual General Meeting

For the convening of its 2024 Annual General Meeting, the Company will make further announcement.

6.24 Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existing during the reporting period.

6.25 Permitted Indemnity Provision

The Company has maintained appropriate insurance coverage for the liabilities of the Directors, Supervisors and senior management in respect of legal actions against its Directors, Supervisors and senior management arising out of corporate activities.

6.26 Publication of Annual Report

The Company prepared its annual report in both English and Chinese versions in accordance with the IFRS Accounting Standards and the Hong Kong Listing Rules, which are available on the websites of Hong Kong Exchanges and Clearing Limited and the Company. In the event of any discrepancies in interpretation between the English and Chinese versions, the Chinese version shall prevail.

The Company prepared its annual report in Chinese version in accordance with the PRC Generally Accepted Accounting Principles and the preparation rules for annual reports, which is available on the websites of Shanghai Stock Exchange and the Company.

Social value represents the pursuit of all value.

Actively serving the real economy and people’s well-being, to build the “most socially responsible bank”.

Changes in Shares and Information on Shareholders

7.1 Changes in Ordinary Shares of the Company During the Reporting Period

		31 December 2023		Changes in the No. of shares during the reporting period (share)	31 December 2024	
		No. of shares (share)	Percentage (%)		**No. of shares (share)**	**Percentage (%)**
1.	Shares subject to trading restrictions on sales	–	–	–	–	–
2.	Shares not subject to trading restrictions on sales	25,219,845,601	100.00	–	**25,219,845,601**	**100.00**
	(1) Ordinary shares in RMB (A Shares)	20,628,944,429	81.80	–	**20,628,944,429**	**81.80**
	(2) Foreign shares listed domestically	–	–	–	–	–
	(3) Foreign shares listed overseas (H Shares)	4,590,901,172	18.20	–	**4,590,901,172**	**18.20**
	(4) Others	–	–	–	–	–
3.	Total shares	25,219,845,601	100.00	–	**25,219,845,601**	**100.00**

As at the end of the reporting period, the Company had a total of 459,175 shareholders of ordinary shares, including 431,886 holders of A Shares and 27,289 holders of H Shares. Neither the holders of A Shares nor the holders of H Shares are subject to trading restrictions on sales.

As at the end of the previous month prior to the disclosure date of this report (i.e., 28 February 2025), the Company had a total of 421,011 holders of ordinary shares, including 393,853 holders of A Shares and 27,158 holders of H Shares. Neither the holders of A Shares nor the holders of H Shares are subject to trading restrictions on sales.

Based on the publicly available information and to the knowledge of the Directors, as at the end of the reporting period, the Company had maintained the public float in compliance with the requirement of the Hong Kong Listing Rules.

7.2 Top Ten Holders of Ordinary Shares and Top Ten Holders of Ordinary Shares Whose Shareholdings Are Not Subject to Trading Restrictions on Sales

Serial No.	Name of shareholders	Type of Shareholders	Shares held at the end of the period (share)	Percentage of the total share capital (%)	Type of shares	Changes in the reporting period (share)	Number of shares held subject to trading restrictions on sales (share)	Number of shares pledged, marked or frozen (share)
1	HKSCC Nominees Ltd.	Overseas legal person	4,554,668,498	18.06	H Shares not subject to trading restrictions on sales	614,657	–	Unknown
2	China Merchants Steam Navigation Co., Ltd.	State-owned legal person	3,289,470,337	13.04	A Shares not subject to trading restrictions on sales	–	–	–
3	China Ocean Shipping Company Limited	State-owned legal person	1,574,729,111	6.24	A Shares not subject to trading restrictions on sales	–	–	–
4	Hong Kong Securities Clearing Company Limited	Overseas legal person	1,271,119,349	5.04	A Shares not subject to trading restrictions on sales	210,624,958	–	–
5	Shenzhen Yan Qing Investment and Development Company Ltd.	State-owned legal person	1,258,542,349	4.99	A Shares not subject to trading restrictions on sales	–	–	–
6	China Merchants Financial Holdings Co., Ltd.	State-owned legal person	1,147,377,415	4.55	A Shares not subject to trading restrictions on sales	–	–	–
7	Hexie Health Insurance Co., Ltd. – Traditional – Ordinary insurance products	Domestic legal person	1,130,991,537	4.48	A Shares not subject to trading restrictions on sales	–	–	–
8	Shenzhen Chu Yuan Investment and Development Company Ltd.	State-owned legal person	944,013,171	3.74	A Shares not subject to trading restrictions on sales	–	–	–
9	COSCO Shipping (Guangzhou) Co., Ltd.	State-owned legal person	696,450,214	2.76	A Shares not subject to trading restrictions on sales	–	–	–
10	China Securities Finance Corporation Limited	Domestic legal person	524,229,972	2.08	A Shares not subject to trading restrictions on sales	–	–	–

Notes:

(1) Shares held by HKSCC Nominees Ltd. are the total shares in the accounts of holders of H Shares of China Merchants Bank trading on the transaction platform of HKSCC Nominees Ltd. Hong Kong Securities Clearing Company Limited is an institution designated by others to hold shares on behalf of them as a nominal holder, and the shares held by it are the shares of China Merchants Bank acquired by investors through Northbound Trading.

(2) As at the end of the reporting period, among the aforesaid top ten shareholders, HKSCC Nominees Ltd. is a subsidiary of Hong Kong Securities Clearing Company Limited; China Merchants Steam Navigation Co., Ltd., Shenzhen Yan Qing Investment and Development Company Ltd., China Merchants Financial Holdings Co., Ltd. and Shenzhen Chu Yuan Investment and Development Company Ltd. are all subsidiaries of China Merchants Group Ltd.; and China Ocean Shipping Company Limited and COSCO Shipping (Guangzhou) Co., Ltd. are both subsidiaries of China COSCO Shipping Corporation Limited. The Company is not aware of any affiliated relationship or action in concert among other shareholders.

(3) None of the above holders of A Shares have entrusted any proxy or acted as proxy to vote or waived their voting rights.

(4) During the reporting period, the above holders of A Shares did not participate in the margin trading and short selling business. The number of outstanding A Shares of the Company lent out through securities lending by the above holders of A Shares at the beginning and the end of the reporting period was zero.

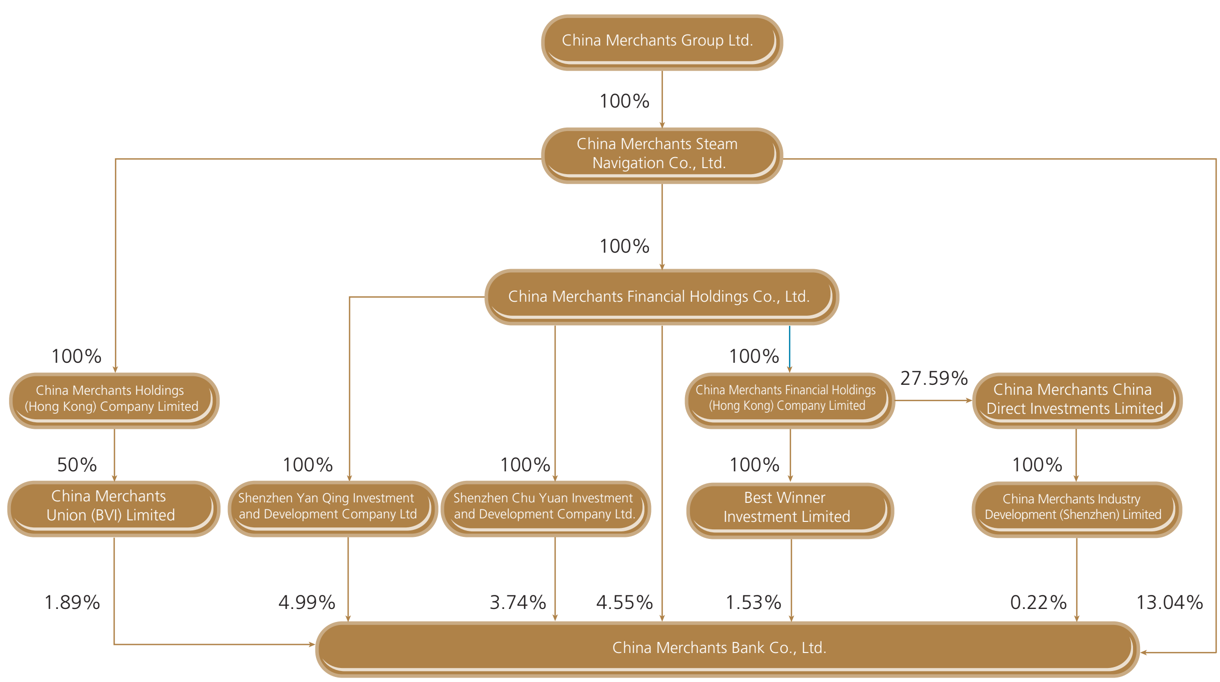
7.3 Information on Substantial Ordinary Shareholders

7.3.1 Information on the Company's largest shareholder

As at the end of the reporting period, China Merchants Group Ltd., through its subsidiaries, namely China Merchants Steam Navigation Co., Ltd., China Merchants Financial Holdings Co., Ltd., Shenzhen Yan Qing Investment and Development Company Ltd., Shenzhen Chu Yuan Investment and Development Company Ltd., China Merchants Union (BVI) Limited, Best Winner Investment Limited and China Merchants Industry Development (Shenzhen) Limited, indirectly held an aggregate of 29.97% of the shares in the Company. There was no pledge of the shares of the Company. Specifically, China Merchants Steam Navigation Co., Ltd. directly held 13.04% of the shares in the Company, and is the largest shareholder of the Company with a registered capital of RMB17 billion as at the end of the reporting period, and its legal representative is Miao Jianmin. China Merchants Steam Navigation Co., Ltd. mainly engages in passenger and cargo shipping businesses; dockyard, warehouse and vehicle transportation; investment and management of tugboat and barge transportation business; repair, construction and trading of ships and offshore oil drilling equipment; sale, purchase and supply of various transportation equipment, spare parts and materials; ship and passenger/goods shipping agency; construction of water and land-based construction projects; and businesses such as investment and management of finance, insurance, trust, securities and futures industries.

As at the end of the reporting period, China Merchants Group Ltd. directly holds 100% equity interests in China Merchants Steam Navigation Co., Ltd. and is the controlling shareholder of the Company's largest shareholder, with a registered capital of RMB16.9 billion. Its legal representative is Miao Jianmin. China Merchants Group Ltd. is a central enterprise under the direct control of State-owned Assets Supervision and Administration Commission of the State Council. Its predecessor, China Merchants Steam Navigation Company, was founded in 1872, when China was in its late Qing Dynasty and was undergoing the Westernisation Movement. It was one of the enterprises which played a significant role in promoting the modernisation of China's national industries and commerce at that time. Nowadays, it has developed into a diversified conglomerate, with its major businesses focusing on transportation and logistics, comprehensive finance, real estate and industrial zones, science and technology innovation industry. It is aiming at the goal of becoming a world-class enterprise, promoting the transformation and upgrading of traditional industries and the cultivation and development of strategic emerging industries.

The Company does not have any controlling shareholder and de facto controller. As at the end of the reporting period, the equity relationship among the Company, its largest shareholder and the controlling shareholder of its largest shareholder is illustrated as follows (in this report, any discrepancies between the total shown and the sum of the percentages listed are due to rounding):



7.3.2 Information on other shareholders holding more than 5% of the Company's shares

As at the end of the reporting period, China COSCO Shipping Corporation Limited indirectly held an aggregate of 9.97% of the shares in the Company through its holding subsidiaries, namely China Ocean Shipping Company Limited, COSCO Shipping (Guangzhou) Co., Ltd., Guangzhou COSCO Shipping Haining Technology Co., Ltd., COSCO Shipping (Shanghai) Co., Ltd. (中遠海運(上海)有限公司), COSCO Shipping Investment Holdings Co., Limited (中遠海運投資控股有限公司) and Guangzhou Tri-Dynas Oil & Shipping Co., Ltd. (廣州市三鼎油品運輸有限公司).There was no pledge of the shares of the Company. Specifically, China Ocean Shipping Company Limited held 6.24% of the shares in the Company. China Ocean Shipping (Group) Company (the predecessor of China Ocean Shipping Company Limited) was established on 22 October 1983. The registered capital of China Ocean Shipping Company Limited was RMB16.191 billion as at the end of the reporting period. Its legal representative is Wan Min. The scope of its businesses includes: international shipping; ancillary business in international maritime transportation; acceptance of space booking, voyage charter and time charter from cargo owners at home and abroad; leasing, construction, trading and maintenance of vessels and containers and manufacture of related facilities; ship escrowing business; provision of ship materials, spare parts and communications services relating to shipping business at home and abroad; management of enterprises engaging in vessel and cargo agency business and seafarer assignment business.

China COSCO Shipping Corporation Limited held 100% equity interests in China Ocean Shipping Company Limited and is its controlling shareholder. Its de facto controller is the State-owned Assets Supervision and Administration Commission of the State Council. China COSCO Shipping Corporation Limited was established on 5 February 2016, with a registered capital of RMB11.0 billion as at the end of the reporting period. Its legal representative is Wan Min. The scope of its businesses includes: international shipping; ancillary business in international maritime transportation; imports and exports of goods and technology; marine, land, aviation international freight forwarding business; ship leasing; sales of ships, containers and steel products; offshore engineering equipment design; terminal and port investment; communication equipment sales, information and technical services; warehousing (except hazardous chemicals); engaged in technology development, technology transfer, technical consulting, technical services and equity investment funds in the field of shipping and spare parts.

7.3.3 Other substantial shareholders under the regulatory calibre

1. As at the end of the reporting period, China Communications Construction Group Ltd. through its holding subsidiaries, namely China Communications Construction Company Limited, CCCC Capital Holdings Limited, CCCC Guangzhou Dredging Co., Ltd., CCCC Fourth Harbour Engineering Co., Ltd., CCCC Shanghai Dredging Co., Ltd., Zhen Hua Engineering (Shenzhen) Co., Ltd. and CCCC Third Harbour Consultants Co., Ltd., indirectly held an aggregate of 1.61% of the shares in the Company, and has appointed a Supervisor in the Company. There was no pledge of the shares of the Company. China Communications Construction Group Ltd. was established on 8 December 2005, with a registered capital of RMB7.274 billion as at the end of the reporting period, and its legal representative is Wang Tongzhou. Its de facto controller is the State-owned Assets Supervision and Administration Commission of the State Council.
2. As at the end of the reporting period, SAIC Motor Corporation Limited held 1.23% of the shares in the Company and has appointed a Supervisor in the Company. There was no pledge of the shares of the Company. SAIC Motor Corporation Limited was established on 16 April 1984, with a registered capital of RMB11.575 billion as at the end of the reporting period, and its legal representative is Wang Xiaoqiu. Its de facto controller is the State-owned Assets Supervision and Administration Commission of Shanghai.
3. As at the end of the reporting period, Dajia Life Insurance Co., Ltd. held 0.56% of the shares in the Company, and has appointed a Supervisor in the Company. There was no pledge of the shares of the Company. The controlling shareholder of Dajia Life Insurance Co., Ltd. is Dajia Insurance Group Co., Ltd. Dajia Insurance Group Co., Ltd. was established on 25 June 2019, with a registered capital of RMB20.361 billion as at the end of the reporting period, and its legal representative is He Xiaofeng. Its controlling shareholder and de facto controller is China Insurance Security Fund Co., Ltd.

7.3.4 Substantial shareholders' interests and short positions in the Company under Hong Kong laws and regulations

As at 31 December 2024, substantial shareholders had interests and short positions in the shares of the Company under Hong Kong laws and regulations as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO (in this report, any discrepancies between the total shown and the sum of the percentages listed are due to rounding) as follows:

Name of substantial shareholder	Class of shares	Long/short position	Capacity	No. of shares (shares)	Notes	Percentage of the relevant class of shares in issue (%)	Percentage of the total issued ordinary shares (%)
China Merchants Group Ltd.	A	Long	Interest of controlled corporation	6,697,550,412			
		Long	Others	55,196,540			
				6,752,746,952	1	32.73	26.78
	H	Long	Interest of controlled corporation	806,680,423	1	17.57	3.20
China Merchants Steam Navigation Co., Ltd.	A	Long	Beneficial owner	3,289,470,337			
		Long	Interest of controlled corporation	3,408,080,075			
		Long	Other	55,196,540			
				6,752,746,952	1	32.73	26.78
	H	Long	Interest of controlled corporation	806,680,423	1	17.57	3.20
China Merchants Financial Holdings Co., Ltd.	A	Long	Beneficial owner	1,147,377,415			
		Long	Interest of controlled corporation	2,260,702,660			
		Long	Other	55,196,540			
				3,463,276,615	1	16.79	13.73
	H	Long	Interest of controlled corporation	328,776,923	1	7.16	1.30
China Merchants Financial Holdings (Hong Kong) Company Limited	A	Long	Interest of controlled corporation	58,147,140	1	0.28	0.23
	H	Long	Interest of controlled corporation	328,776,923	1	7.16	1.30
Best Winner Investment Limited	A	Long	Beneficial owner	58,147,140	1	0.28	0.23
	H	Long	Beneficial owner	328,776,923	1	7.16	1.30
Shenzhen Yan Qing Investment and Development Company Ltd.	A	Long	Beneficial owner	1,258,542,349	1	6.10	4.99
China Ocean Shipping Company Limited	A	Long	Beneficial owner	1,574,729,111		7.63	6.24
Hexie Health Insurance Co. Ltd.	A	Long	Beneficial owner	1,130,991,537	2	5.48	4.48
Pagoda Tree Investment Company Limited	H	Long	Interest of controlled corporation	477,903,500	3	10.41	1.89

Name of substantial shareholder	Class of shares	Long/short position	Capacity	No. of shares (shares)	Notes	Percentage of the relevant class of shares in issue (%)	Percentage of the total issued ordinary shares (%)
Compass Investment Company Limited	H	Long	Interest of controlled corporation	477,903,500	3	10.41	1.89
CNIC Corporation Limited	H	Long	Interest of controlled corporation	477,903,500	3	10.41	1.89
Verise Holdings Company Limited	H	Long	Interest of controlled corporation	477,903,500	3	10.41	1.89
China Merchants Union (BVI) Limited	H	Long	Beneficial owner	477,903,500	3	10.41	1.89
Citigroup Inc.	H	Long	Person having a security interest in shares	435			
		Long	Interest of controlled corporation	21,937,815			
		Long	Approved lending agent	251,903,727			
				273,841,977	4	5.96	1.09
		Short	Interest of controlled corporation	10,733,562	4	0.23	0.04
BlackRock, Inc.	H	Long	Interest of controlled corporation	231,150,355	5	5.03	0.92
		Short	Interest of controlled corporation	1,688,000	5	0.04	0.01

Notes:

(1) For details of China Merchants Group Ltd. and its subsidiaries' interests in the Company, please refer to section 7.3.1 "Information on the Company's largest shareholder".

(2) New China Asset Management Co., Ltd. is the trustee of all the A shares in the Company held by Hexie Health Insurance Co., Ltd. by virtue of which New China Asset Management Co., Ltd. was deemed to hold interests in all the A shares in the Company held by Hexie Health Insurance Co., Ltd.

(3) Pagoda Tree Investment Company Limited was deemed to hold interests in the 477,903,500 H shares in the Company held by China Merchants Union (BVI) Limited by virtue of its wholly-owned subsidiary Compass Investment Company Limited:

(3.1) China Merchants Union (BVI) Limited held 477,903,500 H shares (long position) in the Company. Verise Holdings Company Limited was deemed to hold interests in the 477,903,500 H shares in the Company held by China Merchants Union (BVI) Limited by virtue of holding 50% interest in China Merchants Union (BVI) Limited.

(3.2) Verise Holdings Company Limited was wholly-owned by CNIC Corporation Limited. Therefore, CNIC Corporation Limited was deemed to hold interests in the 477,903,500 H shares in the Company deemed to be held by Verise Holdings Company Limited.

(3.3) Compass Investment Company Limited was deemed to hold interests in the 477,903,500 H shares in the Company deemed to be held by CNIC Corporation Limited by virtue of holding 90% interest in CNIC Corporation Limited.

The 477,903,500 H shares referred to in (3) and (3.1) to (3.3) above represented the same shares.

(4) Citigroup Inc. was deemed to hold a total of 273,841,977 H shares (long position) and 10,733,562 H shares (short position) in the Company by virtue of its control over a number of companies. The equity interests and short positions of Citigroup Inc. in the Company included a lending pool of 251,903,727 H shares. Besides, 5,427,870 H shares (long position) and 5,372,714 H shares (short position) were held through derivatives as follows:

1,609,510 H shares (long position) and 1,687,500 H shares (short position)	– through physically settled listed derivatives
1,382,360 H shares (long position) and 2,623,843 H shares (short position)	– through physically settled unlisted derivatives
2,436,000 H shares (long position) and 1,061,371 H shares (short position)	– through cash settled unlisted derivatives

(5) BlackRock, Inc. was deemed to hold a total of 231,150,355 H shares (long position) and 1,688,000 H shares (short position) in the Company by virtue of its control over a number of companies. The equity interests of BlackRock, Inc. in the Company included 3,876,000 H shares (long position) and 1,631,500 H shares (short position) which were held through cash settled unlisted derivatives.

Save as disclosed above, the Company is not aware of any other person (other than the Directors, Supervisors and chief executives (as defined in the Hong Kong Listing Rules) of the Company) who has any interests or short positions in the shares of the Company as at 31 December 2024 as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

7.4 Issuance and Listing of Securities

During the reporting period, the Company did not issue any new ordinary shares. The Company did not have any internal staff shares. Save for the disclosure related to "Preference Shares" in this chapter, no equity-linked agreements of the Company were entered into during the reporting period or subsisted at the end of the reporting period.

For issuance of bonds of the Company and its subsidiaries, please refer to Note 43 to the financial statements.

During the reporting period, the use of proceeds raised by the Company was consistent with such usages as set out in the prospectus of the Company.

7.5 Preference Shares

7.5.1 Issuance and listing of preference shares

Pursuant to the approvals by the regulatory authorities, the Company made a non-public issuance of 275,000,000 domestic preference shares on 22 December 2017. The issuance price is RMB100 each and the coupon dividend rate per annum is 4.81% (including tax). The domestic preference shares of the issuance have been listed and traded on the integrated business platform of Shanghai Stock Exchange since 12 January 2018 (abbreviated name of shares: "Zhao Yin You 1 (招銀優1)"; stock code: 360028; number of listed shares: 275,000,000). The total proceeds from the issuance of the domestic preference shares amounted to RMB27.5 billion and, after deduction of the expenses relating to the issuance, has fully been used to replenish the Company's additional Tier 1 Capital. On 18 December 2022, five years after the issuance of the domestic preference shares, the Company adjusted the coupon dividend rate per annum to 3.62% (including tax) in accordance with market rules. For details, please refer to the relevant announcements published by the Company on the websites of Shanghai Stock Exchange, Hong Kong Exchanges and Clearing Limited and the Company.

7.5.2 Number of shareholders of preference shares and their shareholdings

As at the end of the reporting period, the Company had a total of 25 holders of preference shares (or their nominees), and all of them were holders of domestic preference shares. As at the end of the previous month before the disclosure date of this report (i.e., 28 February 2025), the Company had a total of 24 holders of preference shares (or their nominees), and all of them were holders of domestic preference shares.

As at the end of the reporting period, the shareholdings of the Company's top ten holders of domestic preference shares were as follows:

No.	Name of shareholders	Type of shareholders	Type of shares	Shares held at the end of the period (share)	Percentage of shareholdings (%)	Changes (share)	Number of shares subject to trading restrictions on sales (share)	Number of shares pledged, marked or frozen (share)
1	China Mobile Communications Group Co., Ltd.	State-owned legal person	Domestic preference share	106,000,000	38.55	–	–	–
2	Suyin Wealth Management Co., Ltd. – No. 1 Hengyuan Rongda (恒源融達) of Suyin Wealth Management	Others	Domestic preference share	23,000,000	8.36	–	–	–
3	China National Tobacco (Henan Province) Company	State-owned legal person	Domestic preference share	20,000,000	7.27	–	–	–
	Ping An Property & Casualty Insurance Company of China, Ltd. – traditional – ordinary insurance products	Others	Domestic preference share	20,000,000	7.27	–	–	–
5	China National Tobacco (Anhui Province) Company	State-owned legal person	Domestic preference share	15,000,000	5.45	–	–	–
	China National Tobacco (Sichuan Province) Company	State-owned legal person	Domestic preference share	15,000,000	5.45	–	–	–
7	BOC Asset – Bank of China – Bank of China Limited, Shenzhen Branch	Others	Domestic preference share	14,000,000	5.09	-1,900,000	–	–
8	Everbright Securities Asset Management – China Everbright Bank – Xinyou (鑫優) No. 2 Collective Asset Management Scheme of Everbright Securities Asset Management	Others	Domestic preference share	9,000,000	3.27	–	–	–
9	Everbright Securities Asset Management – Bank of China – Xinyou (鑫優) No. 32 Collective Asset Management Scheme of Everbright Securities Asset Management	Others	Domestic preference share	7,500,000	2.73	7,000,000	–	–
10	Everbright Securities Asset Management – China Everbright Bank – Xinyou (鑫優) Collective Asset Management Scheme of Everbright Securities Asset Management	Others	Domestic preference share	7,200,000	2.62	–	–	–

Notes:

(1) The shareholdings of holders of domestic preference shares are presented under separate account according to the register of members of preference shares of the Company.

(2) China National Tobacco (Henan Province) Company, China National Tobacco (Anhui Province) Company and China National Tobacco (Sichuan Province) Company are all subsidiaries of China National Tobacco Corporation; "Everbright Securities Asset Management – China Everbright Bank – Xinyou (鑫優) No. 2 Collective Asset Management Scheme of Everbright Securities Asset Management", "Everbright Securities Asset Management – Bank of China – Xinyou (鑫優) No. 32 Collective Asset Management Scheme of Everbright Securities Asset Management" and "Everbright Securities Asset Management – China Everbright Bank – Xinyou (鑫優) Collective Asset Management Scheme of Everbright Securities Asset Management" are all managed by Everbright Securities Asset Management Co., Ltd. Save for the above, the Company is not aware of any affiliated relationship or action in concert among the above holders of preference shares or between the above holders of preference shares and the Company's top ten holders of ordinary shares.

(3) "Percentage of shareholdings" represents the percentage of the number of domestic preference shares held by the holders of preference shares to the total number of domestic preference shares.

7.5.3 Dividend distribution of preference shares

Dividend distribution of domestic preference shares

In accordance with the relevant requirements under the "Resolution Regarding the Plan for the Non-public Issuance of Domestic Preference Shares of the Company", which was considered and approved at the 2016 Annual General Meeting, the first class meeting of the holders of A Shares for 2017 and the first class meeting of the holders of H Shares for 2017, the Company fully paid the dividends for domestic preference shares on 18 December 2024, which was in compliance with the relevant distribution conditions and distribution procedures.

The dividends for domestic preference shares of the Company are paid once a year in cash. The non-cumulative dividend payment method is adopted for domestic preference shares. The holders of domestic preference shares will not participate in the remaining profit appropriation with the ordinary shareholders after they are distributed the dividends in accordance with the agreed dividend rate. Pursuant to the terms of dividends payment for domestic preference shares, based on the coupon dividend rate of 3.62% for domestic preference shares, the cash dividends per preference share paid were RMB3.62 (including tax), and based on 275 million of domestic preference shares in issue, the total amount of the dividends paid was RMB995.5 million (including tax).

For the details of dividend distribution for domestic preference shares, please refer to the relevant announcement published by the Company on the websites of Shanghai Stock Exchange, Hong Kong Exchanges and Clearing Limited and the Company on 6 December 2024.

7.5.4 Repurchase or conversion of preference shares

During the reporting period, there had been no repurchase or conversion of preference shares.

7.5.5 Restored voting rights of preference shares

During the reporting period, the voting rights of the Company's preference shares in issue had not been restored.

7.5.6 Accounting policies for preference shares and the reason of adoption

The Company made accounting judgements on the preference shares issued and outstanding of the Company in accordance with the requirements of the relevant accounting principles, including the "International Financial Reporting Standard 9 – Financial Instruments" and the "International Accounting Standard 32 – Financial Instruments: Presentation" issued by the International Accounting Standards Board. As the preference shares issued and outstanding of the Company carry no obligation to deliver cash and cash equivalents, nor have they any contractual obligations to deliver a variable number of its own equity instruments for settlement, they were therefore measured as equity instruments.

Financial Statements

Independent Auditor's Report

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To the shareholders of China Merchants Bank Co., Ltd.

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

Opinion

We have audited the consolidated financial statements of China Merchants Bank Co., Ltd. (the "Bank") and its subsidiaries (the "Group") set out on pages 160 to 301, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes 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 IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants ("the Code") issued by the Hong Kong Institute of Certified Public Accountants, 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 loss of loans and advances to customers	
The measurement of expected credit loss (ECL) of loans and advances to customers measured at amortised cost and at fair value through other comprehensive income involves the use of numerous models, significant judgments and assumptions. For example, • Significant increase in credit risk – Criteria for determining whether significant increase in credit risk has occurred are highly judgemental, and may have a significant impact on expected credit losses for loans and advances to customers measured 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 judgements and assumptions. • Forward-looking information – The measurement of expected credit losses requires consideration of forward-looking information. The forecast of macro-economic and consideration of the impact of multiple probability-weighted macro-economic scenarios on expected credit losses, involving significant judgments and assumptions. • 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.	We evaluated and tested the design and operating effectiveness of key controls over measurement of expected credit losses, including relevant data quality and information systems. We adopted a risk-based sampling approach in our loan review procedures, focusing on the asset quality of key areas such as industries that are significantly affected by macroeconomic changes. We assessed the debtors' repayment capacity and evaluated the Group's judgement 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, our audit procedures in respect of the expected credit loss model, key parameters, and management's significant judgements and assumptions included the following: (1) Expected credit loss model: • We reviewed the documentation of the methodology of ECL model. Taking into account results of validation and enhancement 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, forward-looking information and whether there had been a significant increase in credit risk; • We reviewed the validation reports of ECL model and relevant documents to evaluate the reasonableness of validation approach, completeness of validation scope, and appropriateness of validation conclusion; • In respect of the internal credit risk rating parameters used in ECL model, we understood the credit risk internal rating system and methodology. We also reviewed the validation reports of internal credit risk rating model and selected samples to evaluate the reasonableness of internal credit rating data;

Key Audit Matters *(continued)*

Key audit matter	How our audit addressed the key audit matter
***Expected credit loss of loans and advances to customers** (continued)* As at 31 December 2024, total loans and advances to customers measured at amortised cost and at fair value through other comprehensive income amounted to RMB6,852,555 million, accounting for 56.39% of total assets. Allowances for impairment losses of such loans and advances totalled RMB270,301 million. As the measurement of expected credit losses involves numerous significant judgements and assumptions, we consider expected credit losses for loans and advances to customers a key audit matter. Relevant disclosures are included in Notes 4(5), 5(4), 22 and 60(a) of the consolidated financial statements.	(1) Expected credit loss model: *(continued)* • We assessed the reasonableness of the selection of macro-economic variables, the determination and weighting of multiple macro-economic scenarios, and the forward-looking adjustments. We assessed the reasonableness of the forecasts of key macro-economic variables by comparing to forecasts of external authoritative institutions; • We selected samples to verify whether the calculation logic and calculation results of the ECL model are consistent with the model methodology, and assessed the accuracy of ECL model data inputs; • We assessed the reasonableness of management's determination of credit impairment. For credit-impaired loans and advances, we selected samples to evaluate the reasonableness of 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 system function related to the measurement of expected credit losses, including the data computation, data 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 ongoing monitoring of model performance, model validation, model enhancement, approval of important models and key parameters. We checked and assessed the appropriateness of the consolidated financial statement disclosures in relation to the measurement of expected credit loss in the context of applicable accounting framework.

Key Audit Matters *(continued)*

Key audit matter	How our audit addressed the key audit matter
Consolidation of structured entities	
The Group holds interests in many different structured entities as a result of its business activities in financial investments, asset management and asset securitization. Such interests in structured entities mainly include wealth management products, asset management plans, trust plans, asset-backed securities and funds. 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 determination of control over structured entities requires significant judgements regarding multiple factors. These encompass: the purpose and design of the structured entities; the Group's capacity to direct their relevant activities; both direct and indirect beneficial interests and returns; performance-based management fees; as well as gains or losses arising from providing credit enhancements 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 of structured entities a key audit matter. Relevant disclosures are included in Note 4(1), Note 5(1) and Note 64 to the consolidated financial statements.	We understood, evaluated and tested the design and operating effectiveness of key controls over the Group's assessment of whether it controls a structured entity. We reviewed the Group's analysis, which was made on the basis of a comprehensive consideration of all relevant facts and circumstances, including the power over the structured entities, the magnitude and variability of the variable returns obtained from the structured entities, and the linkage between these two aspects, to assess the Group's judgement and conclusion on whether it controls the structured entities. We understood the purpose for establishing the structured entities and reviewed of the relevant contractual documents, on a sampling basis. Taking into account the liquidity support, credit enhancement, and other relevant circumstances provided by the Group to structured entities initiated by itself such as wealth management products, we analyzed whether the Group has legal or constructive obligations to ultimately absorb losses from these entities. We assessed the appropriateness of management's judgement on the consolidation of structured entities to the consolidated financial statements. We checked and assessed the appropriateness of the consolidated financial statement disclosures in relation to the consolidation of structured entities in the context of applicable accounting framework.

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 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 and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Bank 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 Company 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 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 ISAs 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(continued)*

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Bank.
- Conclude on the appropriateness of the directors of the Bank's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

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 the independent auditor's report is Benny Bing Yin Cheung.

Ernst & Young

Certified Public Accountants

Hong Kong

25 March 2025

Consolidated Statement of Profit or Loss

For the year ended 31 December 2024

(Expressed in millions of Renminbi unless otherwise stated)

	Notes	2024	2023
Interest income	6	**374,271**	375,610
Interest expense	7	**(162,994)**	(160,941)
Net interest income		**211,277**	214,669
Fee and commission income	8	**81,040**	92,834
Fee and commission expense		**(8,946)**	(8,726)
Net fee and commission income		**72,094**	84,108
Other net income	9	**51,118**	37,825
– Disposal of financial instruments at amortised cost		**4,045**	967
Operating income		**334,489**	336,602
Operating expenses	10	**(117,650)**	(120,991)
Operating profit before impairment losses and taxation		**216,839**	215,611
Expected credit losses	14	**(39,976)**	(41,278)
Impairment losses on other assets		**(843)**	(191)
Share of profits of joint ventures	25	**1,713**	1,860
Share of profits of associates	26	**919**	616
Profit before taxation		**178,652**	176,618
Income tax	15	**(29,093)**	(28,612)
Profit for the year		**149,559**	148,006
Attributable to:			
Equity holders of the Bank		**148,391**	146,602
Non-controlling interests		**1,168**	1,404
Earnings per share			
Basic and diluted (RMB Yuan)	17	**5.66**	5.63

The notes form part of these consolidated financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

(Expressed in millions of Renminbi unless otherwise stated)

	Note	2024	2023
Profit for the year		**149,559**	148,006
Other comprehensive income for the year after tax			
Items that may be reclassified subsequently to profit or loss		**23,770**	2,373
– Share of other comprehensive income/(expense) from equity-accounted investees		**2,452**	202
– Net fair value gain/(loss) on debt instruments measured at fair value through other comprehensive income		**16,423**	3,337
– Net changes in expected credit losses of debt instruments measured at fair value through other comprehensive income		**3,000**	(2,045)
– Net movement in cash flow hedge reserve		**(36)**	(59)
– Exchange difference on translation of financial statements of foreign operations		**1,931**	983
– Other		**–**	(45)
Items that will not be reclassified to profit or loss		**2,923**	358
– Net fair value gain on equity instruments designated at fair value through other comprehensive income		**2,903**	354
– Remeasurement of defined benefit scheme		**20**	4
Other comprehensive income for the year, net of tax	16	**26,693**	2,731
Attributable to:			
Equity holders of the Bank		**26,571**	2,658
Non-controlling interests		**122**	73
Total comprehensive income for the year		**176,252**	150,737
Attributable to:			
Equity holders of the Bank		**174,962**	149,260
Non-controlling interests		**1,290**	1,477

The notes form part of these consolidated financial statements.

Consolidated Statement of Financial Position

At 31 December 2024

(Expressed in millions of Renminbi unless otherwise stated)

	Notes	2024	2023
Assets			
Cash		**16,622**	14,931
Precious metals		**9,415**	2,321
Balances with central banks	18	**557,443**	667,871
Balances with banks and other financial institutions	19	**220,231**	100,769
Placements with banks and other financial institutions	20	**408,955**	287,694
Amounts held under resale agreements	21	**271,329**	172,246
Loans and advances to customers	22	**6,632,548**	6,252,755
Financial investments at fair value through profit or loss	23(a)	**617,018**	526,145
Derivative financial assets	60(f)	**32,533**	18,733
Debt investments at amortised cost	23(b)	**1,941,580**	1,749,024
Debt investments at fair value through other comprehensive income	23(c)	**1,092,127**	899,102
Equity investments designated at fair value through other comprehensive income	23(d)	**22,315**	19,649
Interests in joint ventures	25	**19,310**	15,707
Interests in associates	26	**11,705**	10,883
Investment properties	27	**1,117**	1,160
Property and equipment	28	**128,761**	115,348
Right-of-use assets	29(a)	**16,890**	17,041
Intangible assets	30	**2,196**	2,709
Goodwill	31	**9,954**	9,954
Deferred tax assets	32	**83,674**	90,557
Other assets	33	**56,313**	53,884
Total assets		**12,152,036**	11,028,483

The notes form part of these consolidated financial statements.

	Notes	2024	2023
Liabilities			
Borrowing from central banks		**189,934**	378,621
Deposits from banks and other financial institutions	34	**699,975**	508,378
Placements from banks and other financial institutions	35	**235,376**	247,299
Financial liabilities at fair value through profit or loss	36	**67,461**	43,958
Derivative financial liabilities	60(f)	**31,583**	17,443
Amounts sold under repurchase agreements	37	**84,042**	135,078
Deposits from customers	38	**9,195,329**	8,240,498
Salaries and welfare payable	39(a)	**34,512**	28,679
Tax payable	40	**11,713**	13,597
Contract liabilities	41	**4,193**	5,486
Lease liabilities	29(b)	**12,778**	12,675
Provisions	42	**16,762**	19,662
Debt securities issued	43	**222,921**	176,578
Deferred tax liabilities	32	**1,592**	1,607
Other liabilities	44	**110,390**	113,195
Total liabilities		**10,918,561**	9,942,754
Equity			
Share capital	45	**25,220**	25,220
Other equity instruments	46	**180,446**	150,446
– Preference shares	46(a)	**27,468**	27,468
– Perpetual bonds	46(b)	**152,978**	122,978
Capital reserve	47	**65,429**	65,432
Investment revaluation reserve	48	**38,385**	13,656
Hedging reserve	49	**56**	92
Surplus reserve	50	**122,652**	108,737
General reserve	51	**154,932**	141,481
Retained earnings		**583,638**	518,638
Proposed profit appropriation	52(b)	**50,440**	49,734
Exchange reserve	53	**4,816**	2,934
Total equity attributable to shareholders of the Bank		**1,226,014**	1,076,370
Non-controlling interests		**7,461**	9,359
– Non-controlling interest		**7,461**	6,521
– Perpetual debt capital	62(a)	**–**	2,838
Total equity		**1,233,475**	1,085,729
Total equity and liabilities		**12,152,036**	11,028,483

The notes form part of these consolidated financial statements.

Approved and authorised for issue by the Board of Directors on 25 March 2025.

Miao Jianmin
Director

Wang Liang
Director

Consolidated Statement of Changes in Equity

For The Year Ended 31 December 2024

(Expressed In Millions Of Renminbi Unless Otherwise Stated)

		2024														
		Total equity attributable to equity holders of the Bank												Non-controlling interests		
			Other equity instruments													
	Notes	Share capital	Preference shares	Perpetual bonds	Capital reserve	Investment revaluation reserve	Hedging reserve	Surplus reserve	General reserve	Retained earnings	Proposed profit appropriation	Exchange reserve	Subtotal	Non-controlling interest	Perpetual debt capital	Total
At 1 January 2024		25,220	27,468	122,978	65,432	13,656	92	108,737	141,481	518,638	49,734	2,934	1,076,370	6,521	2,838	1,085,729
Changes in equity for the year		–	–	30,000	(3)	24,729	(36)	13,915	13,451	65,000	706	1,882	149,644	940	(2,838)	147,746
(a) Net profit for the year		–	–	–	–	–	–	–	–	148,391	–	–	148,391	1,075	93	149,559
(b) Other comprehensive income for the year	16	–	–	–	–	24,725	(36)	–	–	–	–	1,882	26,571	74	48	26,693
Total comprehensive income for the year		–	–	–	–	24,725	(36)	–	–	148,391	–	1,882	174,962	1,149	141	176,252
(c) Capital movement from equity holders		–	–	30,000	(3)	–	–	–	–	–	–	–	29,997	75	(2,886)	27,186
(i) Increase in non-controlling interests		–	–	–	–	–	–	–	–	–	–	–	–	75	–	75
(ii) Issue of perpetual bonds	46(b)	–	–	30,000	(3)	–	–	–	–	–	–	–	29,997	–	–	29,997
(iii) Redemption of perpetual debt capital	62	–	–	–	–	–	–	–	–	–	–	–	–	–	(2,886)	(2,886)
(d) Profit appropriations		–	–	–	–	–	–	13,915	13,451	(83,387)	706	–	(55,315)	(284)	(93)	(55,692)
(i) Appropriations to statutory surplus reserve	50	–	–	–	–	–	–	13,915	–	(13,915)	–	–	–	–	–	–
(ii) Appropriations to general reserve	51	–	–	–	–	–	–	–	13,451	(13,451)	–	–	–	–	–	–
(iii) Dividends paid for the year 2023	52(a)	–	–	–	–	–	–	–	–	–	(49,734)	–	(49,734)	(284)	–	(50,018)
(iv) Distribution to perpetual debt capital	62	–	–	–	–	–	–	–	–	–	–	–	–	–	(93)	(93)
(v) Proposed dividends for the year 2024	52(b)	–	–	–	–	–	–	–	–	(50,440)	50,440	–	–	–	–	–
(vi) Dividends to preference shares		–	–	–	–	–	–	–	–	(996)	–	–	(996)	–	–	(996)
(vii) Distribution to perpetual bonds		–	–	–	–	–	–	–	–	(4,585)	–	–	(4,585)	–	–	(4,585)
(e) Transfers within equity upon disposal of equity instruments designated at fair value through other comprehensive income		–	–	–	–	4	–	–	–	(4)	–	–	–	–	–	–
At 31 December 2024		25,220	27,468	152,978	65,429	38,385	56	122,652	154,932	583,638	50,440	4,816	1,226,014	7,461	–	1,233,475

The notes form part of these consolidated financial statements.

		2023														
		Total equity attributable to equity holders of the Bank												Non-controlling interests		
			Other equity instruments													
	Notes	Share capital	Preference shares	Perpetual bonds	Capital reserve	Investment revaluation reserve	Hedging reserve	Surplus reserve	General reserve	Retained earnings	Proposed profit appropriation	Exchange reserve	Subtotal	Non-controlling interest	Perpetual debt capital	Total
At 1 January 2023		25,220	27,468	92,978	65,435	11,815	151	94,985	132,471	449,139	43,832	2,009	945,503	5,948	2,787	954,238
Changes in equity for the year		–	–	30,000	(3)	1,841	(59)	13,752	9,010	69,499	5,902	925	130,867	573	51	131,491
(a) Net profit for the year		–	–	–	–	–	–	–	–	146,602	–	–	146,602	1,222	182	148,006
(b) Other comprehensive income for the year	16	–	–	–	–	1,792	(59)	–	–	–	–	925	2,658	22	51	2,731
Total comprehensive income for the year		–	–	–	–	1,792	(59)	–	–	146,602	–	925	149,260	1,244	233	150,737
(c) Capital movement from equity holders		–	–	30,000	(3)	–	–	–	–	–	–	–	29,997	(383)	–	29,614
(i) Decrease in non-controlling interests		–	–	–	–	–	–	–	–	–	–	–	–	(383)	–	(383)
(ii) Issue of perpetual bonds	46(b)	–	–	30,000	(3)	–	–	–	–	–	–	–	29,997	–	–	29,997
(d) Profit appropriations		–	–	–	–	–	–	13,752	9,010	(77,054)	5,902	–	(48,390)	(288)	(182)	(48,860)
(i) Appropriations to statutory surplus reserve	50	–	–	–	–	–	–	13,752	–	(13,752)	–	–	–	–	–	–
(ii) Appropriations to general reserve	51	–	–	–	–	–	–	–	9,010	(9,010)	–	–	–	–	–	–
(iii) Dividends paid for the year 2022	52(a)	–	–	–	–	–	–	–	–	–	(43,832)	–	(43,832)	(288)	–	(44,120)
(iv) Distribution to perpetual debt capital	62	–	–	–	–	–	–	–	–	–	–	–	–	–	(182)	(182)
(v) Proposed dividends for the year 2023	52(b)	–	–	–	–	–	–	–	–	(49,734)	49,734	–	–	–	–	–
(vi) Dividends to preference shares		–	–	–	–	–	–	–	–	(996)	–	–	(996)	–	–	(996)
(vii) Distribution to perpetual bonds		–	–	–	–	–	–	–	–	(3,562)	–	–	(3,562)	–	–	(3,562)
(e) Transfers within equity upon disposal of equity instruments designated at fair value through other comprehensive income		–	–	–	–	49	–	–	–	(49)	–	–	–	–	–	–
At 31 December 2023		25,220	27,468	122,978	65,432	13,656	92	108,737	141,481	518,638	49,734	2,934	1,076,370	6,521	2,838	1,085,729

The notes form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024
(Expressed in millions of Renminbi unless otherwise stated)

	2024	2023
Operating activities		
Profit before taxation	**178,652**	176,618
Adjustments for:		
– Impairment losses on loans and advances	**43,608**	46,635
– Impairment losses on investments and other	**(2,789)**	(5,166)
– Unwinding of discount on loans and advances	**(223)**	(257)
– Depreciation of property and equipment and investment properties	**11,454**	11,008
– Depreciation of right-of-use assets	**4,107**	4,205
– Amortisation of other assets	**925**	1,170
– Net gains on debt securities and equity investments	**(26,024)**	(18,149)
– Interest income on investments	**(84,924)**	(80,836)
– Interest expense on issued debt securities	**7,656**	7,781
– Share of profits of associates	**(919)**	(616)
– Share of profits of joint ventures	**(1,713)**	(1,860)
– Net gains on disposal of properties and equipment and other assets	**(249)**	(168)
– Interest expense on lease liabilities	**457**	480
Changes in:		
Balances with central banks	**14,860**	(5,004)
Loans and advances to customers	**(432,133)**	(482,711)
Other assets	**20,925**	817
Deposits from customers	**941,149**	619,696
Amounts due to banks and other financial institutions	**129,098**	(69,249)
Amounts due from banks and other financial institutions with original maturity over 3 months	**(160,145)**	(13,744)
Borrowing from central banks	**(187,678)**	247,751
Other liabilities	**21,479**	(45,862)
Cash generated from operating activities before income tax payment	**477,573**	392,539
Income tax paid	**(30,550)**	(34,786)
Net cash generated from operating activities	**447,023**	357,753
Investing activities		
Proceeds from disposals and redemptions of investments	**2,045,080**	1,954,061
Investment income received	**113,717**	97,963
Proceeds from the disposals of property and equipment and other assets	**10,757**	4,950
Proceeds from the disposals of subsidiaries, associates or joint ventures	**416**	154
Payment for the purchases of investments	**(2,427,328)**	(2,282,035)
Payment for the acquisition of subsidiaries, associates or joint ventures	**(571)**	(39)
Payment for the purchases of property and equipment and other assets	**(34,930)**	(30,161)
Net cash used in investing activities	**(292,859)**	(255,107)

The notes form part of these consolidated financial statements.

	Notes	2024	2023
Financing activities			
Proceeds from the issuance of negotiable interbank certificates of deposit	55(b)	**155,569**	68,608
Proceeds from the issuance of certificates of deposit and other debt securities	55(b)	**61,462**	66,504
Proceeds from the issuance of debt securities	55(b)	**24,995**	25,201
Proceeds from the issuance of perpetual bonds		**29,997**	29,997
Proceeds from other financing activities	55(b)	**9,947**	17,303
Repayment of negotiable interbank certificates of deposit	55(b)	**(90,160)**	(112,584)
Repayment of certificates of deposit and other debt securities	55(b)	**(49,187)**	(48,267)
Repayment of debt securities	55(b)	**(59,989)**	(51,146)
Payment for lease liabilities	55(b)	**(4,793)**	(5,053)
Payment for redemption of perpetual debt capital		**(2,886)**	–
Distribution paid on perpetual debt capital	55(b)	**(93)**	(182)
Payment for dividends distribution	55(b)	**(50,018)**	(44,120)
Distribution paid on preference shares	55(b)	**(996)**	(996)
Distribution paid on perpetual bonds	55(b)	**(4,585)**	(3,562)
Interest paid on financing activities	55(b)	**(5,339)**	(7,482)
Payment for other financing activities	55(b)	**(11,775)**	(7,210)
Net cash used in financing activities		**2,149**	(72,989)
Net increase in cash and cash equivalents		**156,313**	29,657
Cash and cash equivalents as at 1 January		**599,019**	567,198
Effect of foreign exchange rate changes		**1,195**	2,164
Cash and cash equivalents as at 31 December	55(a)	**756,527**	599,019
Cash flows from operating activities include:			
Interest received		**288,626**	293,467
Interest paid		**142,636**	121,178

The notes form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Expressed in millions of Renminbi unless otherwise stated)

1. Organisation and principal activities

(1) Organisation

China Merchants Bank Co., Ltd. (the "Bank") is a commercial bank established in Shenzhen, the People's Republic of China (the "PRC"). With the approval of the China Securities Regulatory Commission (the "CSRC") of the PRC, the A-Shares of the Bank were listed on Shanghai Stock Exchange on 9 April 2002. On 22 September 2006, the Bank's H-Shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "HKEx").

As at 31 December 2024, apart from the Head Office, the Bank had 51 branches in the mainland China, Hong Kong, New York, Singapore, Luxembourg, London and Sydney. In addition, the Bank has two representative offices in New York and Taipei.

(2) Principal activities

The principal activities of the Bank and its subsidiaries (the "Group") are providing corporate and personal banking services, conducting treasury business, providing asset management and other financial services.

2. Basis of preparation of consolidated financial statements

(1) Statement of compliance and basis of preparation

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards and its interpretations promulgated by the International Accounting Standards Board ("IASB"), and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(2) Basis of measurement

These consolidated financial statements are presented in Renminbi ("RMB") and 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 branches and subsidiaries 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(15).

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values at the end of each reporting period and the measurement principles as explained below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

2. Basis of preparation of consolidated financial statements *(continued)*

(2) Basis of measurement *(continued)*

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

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

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

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the future periods are discussed in Note 5.

3. Application of new and amendments to IFRS ACCOUNTING STANDARDS

Amendments to IFRS Accounting Standards effective in current year applied by the Group

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the amendments to IFRS Accounting Standards in the current year has had no material impact on the Group's financial position and performance for the current and prior years or on the disclosures set out in these consolidated financial statements.

Standards and amendments to IFRS Accounting Standards that are issued but not yet effective and have not been adopted by the Group

		Effective for annual period beginning on or after
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	the date to be determined

3. Application of new and amendments to IFRS ACCOUNTING STANDARDS *(continued)*

Standards and amendments to IFRS Accounting Standards that are issued but not yet effective and have not been adopted by the Group *(continued)*

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 replaces IAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as IAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 Statement of Cash Flows, IAS 33 Earnings per Share and IAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

The standards and amendments to IFRS Accounting Standards except IFRS 18 mentioned above are not expected to have material impact on the consolidated financial statements in the foreseeable future.

4. Material accounting policy information

The Group establishes its accounting policies and estimates in accordance with the specific characteristics of its business operations, as further elaborated in the relevant notes.

In assessing the materiality of financial information, the Group evaluates both the nature and magnitude of financial statement items within its operational context. For qualitative materiality judgements, it considers whether an item arises from ordinary business activities or significantly impacts the Group's financial position, operating results, or cash flows. For quantitative assessments, the Group examines the item's proportional weight relative to total assets, total liabilities, shareholders' equity, operating revenue, operating costs, or net profit.

(1) Business combination

Financial statements include financial statements of the Bank and its subsidiaries. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, 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. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. If the intra-group transaction indicates that the relevant assets have impairment losses, the losses shall be recognised in full.

When necessary, adjustments are made by the Group to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Bank, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity, separately from equity attributable to the equity holders of the Bank. Non-controlling interests in the results of the Group are presented in the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the net profit or loss and total comprehensive income for the year between non-controlling interests and the equity holders of the Bank.

4. Material accounting policy information *(continued)*

(1) Business combination *(continued)*

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 4(5)) or, when appropriate, the cost on initial recognition of an investment in a joint venture (see Note 4(2)) or, an associate (see Note 4(3)).

Business combinations or asset acquisitions

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities or assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities or assets is determined not to be a business and no further assessment is needed.

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair value of the assets transferred by the Group, liabilities incurred or assumed by the Group, and any equity interests issued by the Group. Acquisition related costs are recognised in the consolidated statement of profit or loss as incurred.

At the acquisition date, irrespective of non-controlling interests, the identifiable assets acquired and liabilities and contingent liabilities assumed are recognised at their fair values; except that deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits*, respectively.

Non-controlling interests that represent ownership interests in the acquiree, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially recognised at either fair value or the non-controlling interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

4. Material accounting policy information *(continued)*

(2) Joint ventures

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

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

When judging whether there is a joint control, the Group usually considers the following cases:

– whether any party within the joint arrangement cannot control the relevant activities of the joint ventures;

– whether the decisions about the joint ventures' relevant activities require the unanimous consent of the parties sharing control.

The consolidated statement of profit or loss includes the Group's share of the results of joint ventures for the year and the consolidated statement of financial position includes the Group's share of the net assets of the joint ventures.

Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair value of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the joint ventures' net assets. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investments, is recognised immediately in profit or loss in the period in which investment is acquired.

The consolidated statement of profit or loss includes post-tax results of the joint ventures for the year, including any impairment loss on goodwill relating to the investment in the joint ventures recognised for the year (see Notes 4(4) and 4(10)).

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

Unrealised profits and losses resulting from transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

When the Group ceases to have joint control over a joint venture and has no significant influence on it, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in the consolidated statement of profit or loss, previous other comprehensive income would be reclassified to profit or loss. Any interest retained in that former investee at the date when joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 4(5)).

(3) Associates

Associate is an entity in which the Group has significant influence, but not control, or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

When judging whether there is any significant influence, the Group usually considers the following cases:

– representation on the Board of Directors or equivalent governing body of the investee;

– participation in policy-making processes;

– material transactions between the entity and its investee.

Investments in associates are accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair value of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the associates' net assets. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investments, is recognised immediately in profit or loss in the period in which investment is acquired.

The consolidated statement of profit or loss includes the Group's post-tax results of the associates for the year, including any impairment loss on goodwill relating to the investment in the associates recognised for the year (see Notes 4(4) and 4(10)).

4. Material accounting policy information *(continued)*

(3) Associates *(continued)*

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

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

When the Group ceases to have significant influence over an associate entity, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in the consolidated statement of profit or loss, previous other comprehensive income would be reclassified to profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 4(5)).

(4) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest based on the fair value of net assets acquired in the acquiree and the fair value of the Group's previously held equity interests in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment. Goodwill arising on 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 and tested at least annually for impairment (see Note 4(10)).

On disposal of a CGU during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(5) Financial instruments

Initial recognition

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

All regular way purchases or sales of financial assets are recognised or derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

At initial recognition, financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. When determining the effective interest rate, the Group estimates the future cash flow on the basis of considering all contract terms of financial assets or financial liabilities, but does not consider the expected credit loss.

4. Material accounting policy information *(continued)*

(5) Financial instruments *(continued)*

Classification and measurement of financial assets

The Group classifies its financial assets into the following measurement categories at initial recognition: financial assets at amortised cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI").

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment, which is not held for trading, in other comprehensive income ("OCI").

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

In addition, the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Financial assets at amortised cost

Financial assets measured at amortised cost are subsequently measured with the effective interest method, and the gains or losses arising from amortisation or impairment are recognised in profit or loss. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset in subsequent reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI as a result of interest income calculated using the effective interest method, foreign exchange gains and losses are recognised in profit or loss. All other changes in the carrying amount of debt instruments are recognised in OCI and accumulated under the heading of investment revaluation reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to OCI without reducing the carrying amounts of debt instruments. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if debt instruments had been measured at amortised cost. When debt instruments are derecognised, the cumulative gains or losses previously recognised in investment revaluation reserve are reclassified to profit or loss.

4. Material accounting policy information *(continued)*

(5) Financial instruments *(continued)*

Classification and measurement of financial assets *(continued)*

Equity instruments designated as at FVTOCI

At the date of initial application/initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments which are not held for trading as at FVTOCI. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other net income" line item in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes fair value gains or losses, any dividend or interest earned on the financial asset, and is included in "other net income".

Impairment under ECL model

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets which are subject to impairment under IFRS 9 *Financial Instruments*, including financial assets at amortised cost, debt instrument assets at fair value through other comprehensive income, leases receivable, loan commitments and financial guarantee contracts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

The Group assesses the ECL of financial assets with forward-looking information. 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. In contrast, lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. Assessment are done based on the factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

For the above financial instruments that apply the ECL model, except for the purchased or originated credit-impaired financial assets, an assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by the Group to determine whether to recognise lifetime ECL. When the credit risk of these financial instruments does not increase significantly after the initial recognition, the Group recognises a loss allowance for the financial instrument at an amount equal to 12-month ECL; in the event of a significant increase in credit risk, the Group recognises a loss allowance at an amount equal to lifetime ECL. The Group recognises the loss allowance of receivables that result from transactions that are within the scope of IFRS 15 *Revenue from contracts with customers* at an amount equal to lifetime ECL.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. The assessment of whether the credit risk has increased significantly is detailed in Note 60(a).

4. Material accounting policy information *(continued)*

(5) Financial instruments *(continued)*

Impairment under ECL model *(continued)*

Credit-impaired financial assets

The Group defines whether there is credit impairment based on the internal evaluation results of the credit risk management system for relevant financial assets. The Group considers that financial assets have been credit impaired when its loan classification is substandard, doubtful or loss or is more than 90 days overdue.

Measurement and recognition of ECL

ECL is measured based on the probability of default, loss given default and the exposure at default. The measurement and recognition of ECL are detailed in Note 60(a).

Generally, ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16 *Leases*.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected credit losses is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For undrawn loan commitments, ECL is the present value of the difference between the contractual cash flows that are due to the Group:

- if the holder of the loan commitments draws down the loan, and
- the cash flows that the Group expects to receive if the loan is drawn down.

The loss allowance for loan commitments and financial guarantee contracts is recognised in profit or loss and accumulated in provisions. As for debt instruments measured at FVTOCI, the loss allowance is recognised in OCI and accumulated in the investment revaluation reserve without reducing the carrying amounts of these financial assets. The loss allowance for other financial assets which are subject to impairment under IFRS 9 *Financial Instruments* is recognised in profit or loss through a loss allowance account.

Classification and measurement of financial liabilities

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading (including derivatives belonging to financial liabilities) or (ii) designated as at FVTPL. Except for hedging accounting, financial liabilities measured at FVTPL are subsequently measured at fair value and all changes in fair value are recognised in profit or loss.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

4. Material accounting policy information *(continued)*

(5) Financial instruments *(continued)*

Classification and measurement of financial liabilities *(continued)*

Financial liabilities at FVTPL (continued)

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 *Financial Instruments* permits the entire combined contract to be designated as at FVTPL.

Other financial liabilities

Except for financial liabilities at FVTPL, financial liabilities formed by the transfer of financial assets that do not meet the conditions for derecognition or by continued involvement in transferred financial assets, financial guarantee contract and loan commitment, other financial liabilities are classified as financial liabilities at amortised cost, which are subsequently measured at amortised cost and the gains or losses arising from derecognition or amortisation are included in profit or loss.

Hedge accounting

At the inception of a hedging relationship, the Group designates the hedging arrangement and prepares written documentation outlining the hedging relationship, risk management objectives, and risk management strategies. This documentation specifies the hedging instrument, hedged item, nature of the hedged risk, and the Group's methodology for assessing hedge effectiveness. Hedge effectiveness refers to the extent to which changes in the fair value or cash flows of the hedging instrument offset changes in the fair value or cash flows of the hedged item attributable to the hedged risk. The Group are continuously assessed hedging relationships for compliance with hedge effectiveness requirements, both at initial designation and in subsequent periods.

Fair value hedge

The gains or losses on the hedging instrument are recognised in consolidated statement of profit or loss. When the hedging for the risk exposure relates to an non-trading equity instrument designated as at FVTOCI, the gains or losses on the hedging instrument are recognised in other comprehensive income.

The carrying amount of the hedged item not already measured at fair value is adjusted for the gain or loss attributable to the risk being hedged and is taken to consolidated statement of profit or loss. The adjustment to the carrying amount of the hedged item is based on a recalculated effective interest rate at the date that amortisation begins and shall be amortised to consolidated statement of profit or loss if the hedged item is a financial instrument measured at amortised cost. Amortisation begins as soon as an adjustment exists but no later than when the hedged item ceases to be adjusted for hedging gains and losses. If the hedged item is debt instruments measured at FVTOCI, the amounts previously recorded as cumulative adjustments of hedging gains or losses are amortised in similar method and recognised in the consolidated statement of profit or loss. The carrying amount of the hedged item is not adjusted.

4. Material accounting policy information *(continued)*

(5) Financial instruments *(continued)*

Hedge accounting *(continued)*

Cash flow hedge

The effective portions of changes in the fair value of derivatives that are designated and qualified as cash flow hedge are recognised in other comprehensive income and accumulated separately in hedging reserve. Any gain or loss relating to an ineffective portion is recognised immediately in the consolidated statement of profit or loss.

For cash flow hedge of a recognised asset or liability, the associated cumulative gain or loss is reclassified from hedging reserve to the consolidated statement of profit or loss in the same period during which the hedged cash flows affect profit and loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss at that time remains in hedging reserve until the forecast transaction is ultimately recognised in the consolidated statements of profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss is immediately reclassified to the consolidated statement of profit or loss.

Hedge effectiveness testing

The Group has elected to adopt the general hedge accounting in IFRS 9 *Financial Instruments*. This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

If the hedging instrument has expired, been sold, terminated, or exercised (provided that a rollover or replacement that forms part of the hedging strategy is not treated as expiration or termination), or if changes in risk management objectives result in the hedging relationship no longer meeting the risk management objectives, or if the hedge no longer satisfies other criteria for hedge accounting, the Group discontinues the application of hedge accounting.

4. Material accounting policy information *(continued)*

(5) Financial instruments *(continued)*

Specific items

Cash equivalents

Cash equivalents comprise investments that are short term, highly liquid, readily convertible into known amounts of cash and subject to insignificant risk of changes in value, and unrestricted balances with the central banks, banks and other financial institutions, and amounts held under resale agreements, with original maturity of 3 months or less.

Balances and placements with banks and other financial institutions

Banks refer to those institutions approved by the People's Bank of China ("PBOC") and other authorities. Other financial institutions represent finance companies, insurance companies, investment trust companies and leasing companies which are registered with the National Financial Regulatory Administration ("NFRA") and under the supervision of the NFRA and securities firms and investment fund companies which are registered with and under the supervision of other regulatory authorities. Balances and placements with banks and other financial institutions are measured at amortised cost.

Resale and repurchase agreements

Amounts for purchase of financial assets under resale agreements are accounted for under "amounts held under resale agreements". Amounts from sale of financial assets under repurchase agreements are accounted for under "amounts sold under repurchase agreements".

The difference between the purchase and resale consideration or sale and repurchase consideration is amortised over the period of the transaction using the effective interest method and is included in interest income or expense (as appropriate).

Financial investments

Equity investments are accounted for as financial assets at fair value through profit or loss or equity investments designated at fair value through other comprehensive income. Debt investments are classified as financial assets at fair value through profit or loss, debt investments at amortised cost, debt investments at fair value through other comprehensive income in accordance with the entity's business model, contractual cash flow characteristics and the fair value option.

Loans and advances to customers

Loans and advances directly granted by the Group to customers and finance leases receivables are accounted for as loans and advances to customers.

Loans and advances to customers are classified as loans and advances to customers at fair value through profit or loss (loans and advances to customers at FVTPL), loans and advances to customers at amortised cost, loans and advances to customers at fair value through other comprehensive income (loans and advances to customers at FVTOCI) in accordance with the entity's business model, contractual cash flow characteristics and the fair value option.

Derivative financial instruments

The Group's derivative financial instruments mainly include forward, foreign currency swaps, interest rate swaps and option contracts undertaken in response to customers' needs or for the Group's own risk management purposes. The Group enters into derivative contracts with other banks and financial institutions that can conduct such business to hedge against risks arising from derivative transactions undertaken for customers.

Derivative financial instruments are stated at fair value. Except for the gains or losses arising from the effective hedging portion of those derivatives in cash flow hedge and the gains or losses on the hedging instrument that hedges an non-trading equity instrument designated as at FVTOCI are recognised in other comprehensive income, all other gains or losses are recognised in the consolidated statement of profit or loss.

4. Material accounting policy information *(continued)*

(5) Financial instruments *(continued)*

Specific items *(continued)*

Embedded derivatives

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 *Financial Instruments* are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortised cost or fair value as appropriate. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 *Financial Instruments* are treated as separate derivatives with the same terms when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the hybrid contracts are not measured at FVTPL. Separated embedded derivatives are measured at fair value, with all changes in fair value recognised in profit or loss unless they form part of a qualifying cash flow hedging relationship.

Equity instruments

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

A financial instrument 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 unfavorable 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.

At initial recognition, the Group classifies the perpetual bonds and perpetual debt capitals issued or their components as financial liabilities or equity instruments based on their contractual terms and their economic substance after considering the definition of financial liabilities and equity instruments.

For perpetual bonds and perpetual debt capitals issued that classified as equity instruments, any distribution of interests during the instruments' duration is treated as profit appropriation. When the perpetual bonds and perpetual debt capitals are redeemed, the redeemed amount is charged to equity. Relevant transaction expenses are deducted from equity.

At initial recognition of preference shares, the Group classifies the preference shares issued or their components as financial liabilities or equity instruments based on their contractual terms and their economic substance after considering the definition of financial liabilities and equity instruments.

When the Group classifies preference shares issued as an equity instrument, fees, commissions and other transaction costs of preference shares issuance are deducted from equity. The dividends on preference shares are recognised as profit distribution at the time of declaration.

4. Material accounting policy information *(continued)*

(5) Financial instruments *(continued)*

Derecognition of financial instruments

(a) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset; or
- has retained its rights to receive cash flows from the asset but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and either the Group has transferred 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 financial asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has retained its rights to receive cash flows from the asset but has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset and liability are recognised to the extent of the Group's continuing involvement in the asset.

When the Group's continuing involvement takes the form of guaranteeing the transferred asset, the extent of the Group's continuing involvement at the time of transfer is the lower of (i) the amount of the asset and (ii) the guarantee amount (the maximum amount that the Group could be required to repay in the consideration received). When the Group continues to recognise an asset to the extent of its continuing involvement, the Group also recognises an relevant liability as the sum of the guarantee amount and the fair value of the guarantee contract (usually the consideration received for the provision of security).

When the Group has completed all necessary legal or other procedures and the financial assets measured at amortized cost remain irrecoverable, the Group will decide to write off such financial assets and reverse the corresponding allowance for credit losses. The write-off constitutes derecognition of the financial assets measured at amortized cost. If the Group subsequently recovers any written-off financial assets measured at amortized cost, the recovered amount shall reduce the impairment loss and be recognized in profit or loss for the current period.

(b) Securitisation

As part of its operational activities, the Group securitises credit assets, generally through the sale of these assets to structured entities which issue securities to investors. Interests in the securitised financial assets may be retained in the form of senior or junior tranches, or other residual interests (retained interests).

When applying the accounting policies on securitised financial assets, the Group has considered both the degree of transfer of risks and rewards on the transferred financial assets and the degree of control exercised by the Group over the transferred financial assets:

- when the Group transfers substantially all the risks and rewards of ownership of the financial assets, the Group shall derecognise the financial assets;
- when the Group retains substantially all the risks and rewards of ownership of the financial assets, the Group shall continue to recognise the financial assets; and
- when the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial assets, the Group would determine whether it has retained control of the financial assets. If the Group has not retained control, it shall derecognise the financial assets and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer. If the Group has retained control, it shall continue to recognise the financial assets to the extent of its continuing involvement in the financial assets.

4. Material accounting policy information *(continued)*

(5) Financial instruments *(continued)*

Derecognition of financial instruments *(Continued)*

(b) Securitisation *(Continued)*

When a securitisation of financial assets does not qualify for derecognition, the relevant financial assets are not derecognised, and the consideration collected are recorded as a financial liability.

When the securitisation results in derecognition or partial derecognition of financial assets, the Group allocates the carrying amount of the transferred financial assets between the financial assets derecognised and the retained interests based on their relative fair values at the date of transfer. Gains or losses on securitisation, which is the difference between the consideration received and the allocated carrying amount of the financial assets derecognised, are recorded in "other net income". The retained interests continue to be recognised on the same basis before the securitisation.

(c) Sales of assets on condition of repurchase

Derecognition of financial assets sold on condition of repurchase is determined by the economic substance of the transaction. If a financial asset is sold under an agreement to repurchase the same or substantially the same asset at a fixed price or at the sale price plus a reasonable return, the Group will not derecognise the asset. If a financial asset is sold together with an option to repurchase the financial asset at its fair value at the time of repurchase (in case of transferor sells such financial asset), the Group will derecognise the financial asset.

(d) Financial liabilities

A financial liability (or part of it) is derecognised when the obligation under the liability (or part of it) is discharged, cancelled or expired.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position when, and only when, the Group currently has there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

4. Material accounting policy information *(continued)*

(6) Property, equipment, investment property and depreciation

Property, equipment and investment property, are stated at cost or deemed cost less accumulated depreciations and accumulated impairment losses. When the Group cannot separately measure the fair value of its leasehold interests in land and the associated buildings not held under operating leases as of the lease commencement date, such land and buildings shall be classified as fixed assets or investment properties.

Depreciation is calculated to write off the cost of property, equipment and investment property over the following estimated useful lives, after taking into account an estimated residual value on a straight-line basis:

Land and buildings	20 years
Investment properties	20 years
Computer equipment	3 years
Leasehold improvements (leased property)	the estimated useful lives
Capitalized improvements (self-owned property)	the estimated useful lives
Aircraft, vessels and professional equipment	no more than 25 years
Other	3 – 5 years

Construction in progress represents property under construction and is stated at cost less impairment losses. Cost comprises the direct and indirect cost of construction. Construction in progress is transferred to an appropriate class of property or other asset when the asset is ready for its intended use. No depreciation is provided for construction in progress.

Subsequent expenditure relating to a property, equipment and investment property is capitalised only when it is probable that future economic benefits associated with the property and equipment will flow to the Group. All other expenditure are recognised in the consolidated statement of profit or loss as an expense or included in the relevant asset's cost according to the benefit recipient as incurred.

Profits or losses on disposal of property, equipment and investment property are determined as the difference between the net disposal proceeds and the carrying amount of the property, equipment and investment property, and are accounted for in the consolidated statement of profit or loss as they arise.

(7) Repossessed assets

Repossessed assets (non-financial instruments) are initially recognized at fair value of the debt relinquished and presented under the "Other Assets" category. At the end of the reporting period, repossessed assets (non-financial instruments) are measured at the lower of carrying amount and recoverable amount. When the recoverable amount is lower than the carrying amount, an impairment provision is recognized for repossessed assets (non-financial instruments), which is recorded in the "Other Asset Impairment losses on other assets" line item of the income statement.

Repossessed assets (financial instruments) are detailed in Note 4(5).

(8) Intangible assets

Intangible assets are stated at cost less accumulated amortisation (only intangible assets with finite useful lives) and accumulated impairment losses (see Note 4(10)). Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. The Group does not have intangible assets with useful lives assessed to be indefinite as at the end of the reporting period.

The amortisation period of intangible assets is as follows:

Software and Other	Core deposit
2 – 20 years	28 years

Both the periods and method of amortisation are reviewed annually.

4. Material accounting policy information *(continued)*

(9) Leases

Definition of 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. The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 *Leases* at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

(a) Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(b) Short-term leases and leases of low-value assets

The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (lease term of 12 months or less and do not contain a purchase option) and leases of low value assets (the value of assets is equivalent to below RMB35,000).

Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(c) Right-of-use assets

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The right-of-use asset is initially measured at cost. This cost includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the lessee; and
- whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets.* The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

After the commencement date, the right-of-use assets are measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The Group recognises the depreciation of right-of-use assets as an operating expense on a straight-line basis. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers the ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

Accounting policy for any identified right-of-use asset impairment loss are disclosed in Note 4(10).

(d) Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements, except for those that are classified and accounted for as investment properties.

4. Material accounting policy information *(continued)*

(9) Leases *(continued)*

As a lessee *(continued)*

(e) Lease liabilities

Lease liability is presented as a separate line in the consolidated statement of financial position.

Except for short-term leases and leases of low-value asset, lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date using lessee's incremental borrowing rate as the discount rate.

Lease payments refer to the payment made by the lessee to the lessor in connection with the right to use the leased assets during the lease term. Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease; and
- the amount expected to be payable by the lessee under remaining value guarantees.

After the beginning date of the lease term, the Group calculates the interest expense of the lease liability in each period of the lease term at a fixed periodic interest rate, and recognised it in the current profit and loss or related asset costs.

After the commencement date, the Group remeasures the lease liability according to the present value calculated by the revised lease payment amount and the revised discount rate and makes a corresponding adjustment to the related right-of-use asset whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate; or
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed remaining value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate. But if the change in lease payments results from a change in floating interest rates, the lessee shall use a revised discount rate that reflects changes in the interest rate.

As a lessor

Leases for which the Group is a lessor are classified as finance or operating leases. When the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Where the Group is a lessor under finance leases, an amount representing the net investment in the lease is included in the consolidated statement of financial position as "loans and advances to customers". Unrecognised finance income under finance leases are amortised using the effective interest method over the lease term. Accounting policy for impairment losses are disclosed in Note 4(5).

When the Group is a lessor of an operating lease, income derived from operating lease is recognised in the consolidated statement of profit or loss using the straight-line method over the lease term. If initial direct costs incurred in respect of the assets leased out are material, the costs are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Contingent lease income is charged to profit or loss in the accounting period in which it is incurred.

When a contract includes lease and non-lease components, the Group applies IFRS 15 *Revenue from Contracts with Customers* to allocate the consideration under the contract to each component.

4. Material accounting policy information *(continued)*

(9) Leases *(continued)*

As a buyer-lessor in a sale and leaseback transactions

For a transfer of asset that does not meet the requirements of IFRS 15 *Revenue from Contracts with Customers* to account for a sale of asset, the Group acting as a buyer-lessor does not recognise the transferred asset and recognises loan and advance to customers at an amount that equals the transfer proceed within the scope of IFRS 9 *Financial Instruments*.

(10) Impairment on tangible and intangible assets other than impairment under ECL model

The carrying amount of tangible and intangible assets including property and equipment, right-of-use assets, intangible assets, investment properties, interests in joint ventures, interests in associates, goodwill and other non-current assets are reviewed periodically in order to assess whether the recoverable amount has declined below the carrying amount. When such a decline has occurred, the carrying amount is reduced to the recoverable amount. The amount of impairment loss is recognised in the consolidated statement of profit or loss. The recoverable amount of an asset is the greater of its fair value less disposal expense and present value of future expected cash flows. In assessing value in use, the estimated future cash flows are discounted to their present values.

Internal and external sources of information are reviewed at the end of the reporting period to identify any indications that other assets may be impaired.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated by the Group at the end of the reporting period whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset or a CGU is the greater of its fair value less disposal expense and the present value of future cash flows. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Impairment losses recognised

An impairment loss is recognised in the consolidated statement of profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

(11) Precious metals

Precious metals that are not related to the Group's trading activities are initially measured at acquisition cost and subsequently measured at the lower of cost and net realisable value. Precious metals that are related to the Group's trading activities are initially recognised at fair value, with changes in fair value arising from remeasurement recognised directly in the consolidated statement of profit or loss in the period in which they arise.

4. Material accounting policy information *(continued)*

(12) Financial guarantee issued, provisions and contingent liabilities

Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the holder) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. The provision of financial guarantees issued is recognised in the consolidated statement of financial position in accordance with accounting policy set out in Note 4(5).

Provisions and contingent liabilities

Except for contingent consideration and contingent liabilities assumed in business combinations not under the same control, Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is highly probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. 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. The Group reviews the carrying amount of provisions at each balance sheet date and adjusts them as appropriate to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

(13) Income recognition

Revenue is the inflow of economic benefits that the Group has formed in its daily activities that will result in an increase in shareholders’ equity and have nothing to do with the capital invested by shareholders.

Net interest income

Interest income and expense for all financial instruments except for those classified as at FVTPL are recognised in “Interest income” and “Interest expense” in the profit or loss account using the effective interest method. Interest on financial instruments measured as at FVTPL is included within the fair value movement during the period, which is recognised in “Other net income”.

Dividend income

Dividend income from investments is recognised when the dividend is declared and approved by the investee.

Rental income

Income derived from operating leases is recognised in the consolidated statement of profit or loss using the straight-line method over the lease term.

4. Material accounting policy information *(continued)*

(13) Income recognition *(continued)*

Fee and commission income

Under IFRS 15 *Revenue from Contracts with Customers*, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same. For contracts that contain more than one performance obligation, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis, except for the allocation of discounts and variable consideration.

The stand-alone selling price of the distinct goods or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised goods or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled. The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved. At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

For each performance obligation identified, the Group determines at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time. Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time.

If the revenue is recognised over time, the Group recognises revenue in accordance with the progress towards complete satisfaction of a performance obligation. The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depicts the Group's performance in transferring control of goods or services.

4. Material accounting policy information *(continued)*

(13) Income recognition *(continued)*

Fee and commission income *(continued)*

If revenue is recognised at a point in time, the Group recognises the revenue when the customer obtains control of the distinct good or service. To determine the point in time at which a customer obtains control of a promised service, the following indicators of the transfer of control should also be considered. They include, but are not limited to:

- the Group has a present right to payment for the goods or services;
- the Group has transferred physical possession of the goods;
- the customer has the significant risks and rewards of ownership of the goods;
- the customer has accepted the goods or services.

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it can control the goods or service before transferring it to customers. The Group is an agent if its performance obligation is to arrange for the provision of the specified goods or service by another party. In this case, the Group does not control the specified goods or service provided by another party before that goods or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

(14) Taxation

Current income tax and movements in deferred tax balances are recognised in the consolidated statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax assets also arise from unused tax losses and unused tax credits. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates of expected returns of the assets or the repayment of the liabilities. Deferred tax assets and liabilities are not discounted.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced by the extent that it is no longer probable that the related tax benefit will be realised.

4. Material accounting policy information *(continued)*

(14) Taxation *(continued)*

The Group shall recognise a deferred tax asset for all deductible temporary differences associated with investments in subsidiaries and interests in associates and joint ventures that both of the following conditions are satisfied: the temporary differences are likely to be reversed in the foreseeable future; and it is probably to obtain the taxable income used to offset the deductible temporary difference in the future. The Group shall recognise a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries and interests in associates and joint ventures, except where both of the following conditions are satisfied: the investor is able to control the timing of the reversal of the temporary difference; and it is probable that the temporary difference will not reverse in the foreseeable future.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. 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 set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(15) Foreign currencies translations

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into as part of the effective portion of a hedge on certain foreign currency risks; or
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into currency units using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in exchange reserve (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation, all of the exchange differences accumulated in exchange reserve in respect of that operation attributable to the owners of the Bank are reclassified to the consolidated statement of profit or loss.

4. Material accounting policy information *(continued)*

(16) Employee benefits

Salaries and staff welfare

Salaries, bonuses and other benefits are accrued in the period in which the associated services are rendered by employees.

Post-employment benefits

The Group participates in a number of defined contribution retirement benefit schemes managed by different provincial governments or independent insurance companies. Obligation for contributions to these schemes are jointly borne by the Group and the staff, and contributions paid by the Group are recognised as an expense in the consolidated statement of profit or loss as incurred.

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in personnel expenses in the consolidated statement of profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Share-based payment

The Group offers H share appreciation rights to its employee, namely H Share Appreciation Rights Scheme for the Senior Management ("the Scheme"), which is settled in cash. Cash-settled share-based payments are measured at the fair value of the liabilities incurred by the Group, which are determined based on the shares. The Group recognises the services for the period as related costs or expenses, with a corresponding increase in liability, at an amount equal to the fair value of the liability based on the best estimate of the outcome of vesting at the end of each reporting period within the vesting period. Until the liability is settled, the Group remeasures the fair value of the liability at each reporting period end and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

The fair value of the H share appreciation rights is using Black-Scholes model, taking into account the terms and condition upon which the H share appreciation rights were granted.

4. Material accounting policy information *(continued)*

(17) Related parties

For the purposes of these consolidated financial statements, parties are considered to be related to the Group if the Group has the ability, directly, indirectly or jointly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to control, common control or common significant influence by the same third party (except that the Group and the party are subject to common significant influence by the same third party of the other party). Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group.

(18) Segmental reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations. Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they meet most of these criteria.

(19) Fiduciary activities

The Group acts in a fiduciary capacity in entrusted loan and entrusted investment business. Assets held by the Group and the related undertakings to return such assets to customers are excluded from the consolidated statement of financial position as the risks and rewards of the assets reside with the customers. The Group only charges a relevant commission.

(20) Dividends or profit distributions

Dividends or profit distributions are recognised as a liability in the year in which they are approved and declared.

(21) General reserve

The general reserve is an integral part of equity. According to the relevant regulations, in addition to the impairment allowances, the Bank maintains a general reserve to make up for unidentified potential losses. The balance of general reserve includes 1.5% of the ending balance of risk assets, country risk provisions allocated as required by regulations for country risk exposures with medium, high, and very high country risk ratings and 2.5% of the income of mutual fund custody businesses. The general reserve of the Group also includes the general reserve maintained by the subsidiaries of the Group according to the applicable laws and regulations of their industry or region.

5. Significant accounting estimates and judgements

In determining the carrying amounts of some assets and liabilities, the Group makes assumptions for the effects of uncertain future events on the assets and liabilities at the end of the reporting period. These estimates involve assumptions about cash flows and the discount rates used. The Group's estimates and assumptions are based on historical experience and expectations of future events and are reviewed periodically. In addition to the assumptions and estimations of future events, judgements are also made during the process of applying the Group's accounting policies.

(1) Control over structured entity

When acting as an asset manager or investor in structured entities, the Group needs to make significant judgment in determining whether it controls those structured entities and consequently consolidates them. The Group evaluates the contractual rights and obligations under the transaction structure, analyses and tests the variable returns of the structured entities, and assesses whether it has the ability to use its power to influence those variable returns. Where the Group acts as asset manager of structured entities, the Group makes judgement on whether it is the principal or an agent to assess whether the Group controls the structured entities and should consolidate them. When performing this assessment, the Group considers several factors including, among others, the scope of its decision-making authority over the structured entities, the rights held by other parties, the remuneration to which it is entitled in accordance with the related agreements for the assets management services, the Group's exposure to variability of returns from interests that it holds in the structured entities.

(2) Classification of financial assets

Classification and measurement of financial assets of the Group involves significant judgement on business model. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. Specific considerations include how the performance of the assets is evaluated and measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.

(3) Derecognition of financial assets transferred

In its normal course of business, the Group transfers its financial assets through various types of transactions including regular way sales and transfers, securitisation, financial assets sold under repurchase agreements. The Group applies significant judgement and estimate in assessing whether it has transferred these financial assets and qualified for a full derecognition.

Where the Group enters into structured transactions by which it transfers financial assets to structured entities, the Group analyses whether the substance of the relationship between the Group and these structured entities indicates that it controls these structured entities and the Group needs to consolidate them. This will determine whether the following derecognition analysis should be conducted at the consolidated level or at the entity level from which the financial assets are transferred.

The Group analyses the contractual rights and obligations in connection with such transfers to determine whether derecognition criteria are met based on the following considerations:

- whether it has transferred the rights to receive contractual cash flows from the financial assets or the transfer qualifies for the "pass through" of those cash flows to independent third parties;
- the extent to which the associated risks and rewards of ownership of the financial assets are transferred. Significant judgement and estimate is applied in the Group's estimation with regard to the cash flows before and after the transfers and other factors that affect the outcomes of the Group's assessment on the extent that risks and rewards are transferred.

5. Significant accounting estimates and judgements *(continued)*

(4) Impairment under ECL model

- Significant increase in credit risk: ECL is measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information. Refer to Note 60(a)(ii) for more details.
- Establishing groups of assets with similar credit risk characteristics: When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. Refer to Note 60(a)(v) for details of the characteristics considered in this judgement. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets.
- Models and assumptions used: The Group uses various models and assumptions in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk. Refer to Note 60(a)(iii) for more details.
- Forward-looking information: When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Refer to Note 60(a)(iv) for more details.
- Probability of Default ("PD"): PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. Refer to Note 60(a) (iii) for more details.
- Loss Given Default ("LGD"): LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Refer to Note 60(a)(iii) for more details.

(5) Fair value of financial instruments

For a number of financial instruments, no quoted prices in an active market exist. The fair value for these financial instruments are established by using valuation techniques. These techniques include using recent arm's length market transactions, reference to the current fair value of similar instruments, discounted cash flow analysis or option pricing models. The Group has established a process to ensure that valuation techniques are constructed by qualified personnel and are validated and reviewed by personnel independent of the business unit that constructed the valuation techniques. Valuation techniques are certified before being implemented for valuation and are calibrated to ensure that outputs reflect actual market conditions. Valuation models established by the Group make the maximum use of market inputs and rely as little as possible on the Group's specific data. However, it should be noted that some inputs, such as credit and counterparty risk and risk correlations, require management estimates. Management estimates and assumptions are reviewed periodically and adjusted if necessary. If the fair value is measured using third party information such as broker quotes or pricing services, the valuation team will evaluate the evidence obtained from third party to support the conclusion that the relevant valuation meets the requirements of IFRS Accounting Standards, including the category of the relevant valuation at the appropriate level in the fair value hierarchy.

(6) Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reviewed 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 profit 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 asset to be recovered.

5. Significant accounting estimates and judgements *(continued)*

(7) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis and when circumstances indicate that the carrying value may be impaired. This requires an estimation of the recoverable amount of the CGU or group of CGUs to which the goodwill is allocated. Estimating the recoverable amount requires the Group to make an estimate of the expected future cash flows from CGU or group of CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise.

6. Interest income

	2024	2023
Loans and advances to customers	**260,573**	268,240
– Corporate loans and advances	**93,282**	94,526
– Retail loans and advances	**161,740**	166,104
– Discounted bills	**5,551**	7,610
Balances with central banks	**9,698**	9,977
Balances with banks and other financial institutions	**2,768**	2,101
Placements with banks and other financial institutions	**12,433**	10,596
Amounts held under resale agreements	**3,875**	3,860
Financial investments	**84,924**	80,836
– Debt investments at FVTOCI	**28,699**	26,201
– Debt investments at amortised cost	**56,225**	54,635
Total	**374,271**	375,610

Note: For the year ended 31 December 2024, included in the above is the interest income of RMB8,868 million from loans and advances to customers at fair value through other comprehensive income (2023: RMB10,577 million).

7. Interest expense

	2024	2023
Deposits from customers	**130,824**	128,809
Borrowing from central banks	**4,428**	4,005
Deposits from banks and other financial institutions	**8,277**	8,307
Placements from banks and other financial institutions	**8,794**	8,931
Amounts sold under repurchase agreements	**2,558**	2,628
Debt securities issued	**7,656**	7,781
Lease liabilities	**457**	480
Total	**162,994**	160,941

8. Fee and commission income

	2024	2023
Fees and commissions from wealth management	**22,005**	28,466
Fees and commissions from asset management	**10,751**	11,474
Bank cards fees	**16,761**	19,525
Settlement and clearing fees	**15,505**	15,492
Commissions from credit commitment and lending business	**4,219**	4,997
Commissions on custodian business	**4,891**	5,328
Other	**6,908**	7,552
Total	**81,040**	92,834

9. Other net income

	2024	2023
Net gains from fair value change	**6,085**	1,846
– financial instruments at fair value through profit or loss	**6,498**	1,797
– derivatives instruments	**(357)**	104
– precious metals	**(56)**	(55)
Net investment income	**27,248**	19,700
– financial instruments at FVTPL	**14,723**	14,132
– gain on disposal of financial assets at amortised cost	**4,045**	967
– gain on disposal of debt instruments at FVTOCI	**7,295**	3,661
– of which: gain on disposal of bills	**1,224**	1,551
– dividend income from equity investments designated at FVTOCI	**947**	708
– other	**238**	232
Foreign exchange gain	**4,026**	4,132
Other income	**12,709**	11,352
– income on operating leases	**12,709**	11,352
Other	**1,050**	795
Total	**51,118**	37,825

10. Operating expenses

	2024	2023
Staff costs	**68,088**	70,348
– Salaries and bonuses	**52,627**	55,477
– Social insurance and corporate supplemental insurance	**8,013**	7,349
– Other	**7,448**	7,522
Tax and surcharges	**2,950**	2,963
Depreciation of property and equipment and investment properties	**11,454**	11,008
Amortisation of intangible assets	**680**	930
Depreciation of right-of-use assets	**4,107**	4,205
Short-term leases expense and leases of low-value assets expense	**183**	216
Other general and administrative expenses (note)	**30,188**	31,321
Total	**117,650**	120,991

Note: Auditors' remuneration amounting to RMB27 million for the year ended 31 December 2024 (2023: RMB34 million) is included in other general and administrative expenses.

11. Directors' and supervisors' emoluments

The emoluments of the Directors and Supervisors during the year were as follows:

	2024				
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Executive directors					
Wang Liang	–	2,962	–	–	2,962
Zhong Desheng (ii)	–	2,790	–	–	2,790
Zhu Jiangtao	–	2,793	–	–	2,793
Subtotal	–	8,545	–	–	8,545
The executive director's emoluments shown above were for their services in connection with the management of the affairs of the Bank and the Group.					
Non-executive directors					
Miao Jianmin	–	–	–	–	–
Shi Dai (ii)	–	–	–	–	–
Sun Yunfei	–	–	–	–	–
Zhang Jian (iii)	–	–	–	–	–
Chen Dong (iv)	–	–	–	–	–
Zhu Eric Liwei (ii)	–	–	–	–	–
Huang Jian (v)	–	–	–	–	–
Subtotal	–	–	–	–	–
The non-executive directors shown above did not receive remuneration from the Bank.					
Independent non-executive directors and supervisors					
Li Menggang	500	–	–	–	500
Liu Qiao	500	–	–	–	500
Tian Hongqi	500	–	–	–	500
Li Chaoxian	500	–	–	–	500
Shi Yongdong	500	–	–	–	500
Li Jian (ii)	74	–	–	–	74
Li Jinming (vi)	–	–	–	–	–
Wu Heng	–	–	–	–	–
Luo Sheng (vii)	–	–	–	–	–
Xu Zhengjun	400	–	–	–	400
Cai Hongping	400	–	–	–	400
Zhang Xiang	400	–	–	–	400
Cai Jin	–	1,433	–	–	1,433
Cao Jian	–	1,788	–	–	1,788
Yang Sheng	–	1,900	–	–	1,900
Subtotal	3,774	5,121	–	–	8,895
The independent non-executive directors' and supervisors' emoluments shown above were for their services as directors or supervisors of the Bank.					
Former executive, non-executive directors and supervisors					
Hu Jianhua (viii)	–	–	–	–	–
Zhou Song (ix)	–	–	–	–	–
Hong Xiaoyuan (viii)	–	–	–	–	–
Wong See Hong (x)	426	–	–	–	426
Peng Bihong (xi)	–	–	–	–	–
Subtotal	426	–	–	–	426
The former executive, non-executive directors' and supervisors' emoluments shown above were for their services as directors or supervisors of the Bank.					
Total	4,200	13,666	–	–	17,866

11. Directors' and supervisors' emoluments *(continued)*

The emoluments of the Directors and Supervisors during the year were as follows: *(continued)*

Notes:

(i) The total remuneration before tax for the full-time directors, supervisors and executive officers of the Group is not yet finalised. Details of their remaining compensation will be disclosed separately when their total remuneration is confirmed.

(ii) In June 2024, according to the resolutions passed at the 2023 Annual General Meeting of the Company, Ms. Li Jian was elected as an Independent Non-Executive Director of the Company, whose qualification as the Independent Director was approved by the National Financial Regulatory Administration (NFRA) in November 2024; Ms. Shi Dai and Mr. Zhu Eric Liwei were elected as the Non-Executive Directors of the Company, and the qualifications of Ms. Shi Dai and Mr. Zhu Eric Liwei as the Directors were approved by the NFRA in August 2024 and January 2025; Mr. Zhong Desheng was elected as an Executive Director of the Company, and his qualification as the Director was approved by the NFRA in December 2024, the emolument of Mr. Zhong Desheng shown above included the portion for his services before his qualification as the Director was approved by the NFRA during the year.

(iii) In February 2025, Mr. Zhang Jian ceased to be the Non-Executive Director of the Company due to the change of work arrangement.

(iv) In March 2025, Mr. Chen Dong ceased to be the Non-Executive Director of the Company due to the change of work arrangement.

(v) In March 2025, the qualification of Mr. Huang Jian as the Director was approved by the NFRA.

(vi) In June 2024, according to the relevant resolution passed at the 2023 Annual General Meeting of the Company, Mr. Li Jinming was elected as the Shareholder Supervisor of the Company.

(vii) In March 2025, Mr. Luo Sheng ceased to be the Shareholder Supervisor of the Company due to personal work arrangement.

(viii) In January 2024, Mr. Hu Jianhua and Mr. Hong Xiaoyuan ceased to be Non-Executive Directors of the Company due to their ages.

(ix) In July 2024, Mr. Zhou Song ceased to be the Non-Executive Director of the Company due to the change of work arrangement.

(x) In November 2024, Mr. Wong See Hong ceased to be the Independent Non-Executive Director of the Company due to expiry of his term of office.

(xi) In January 2024, Mr. Peng Bihong ceased to be the Shareholder Supervisor of the Company due to change of work arrangement.

11. Directors' and supervisors' emoluments *(continued)*

The emoluments of the Directors and Supervisors during the year were as follows: *(continued)*

	2023				
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Executive directors					
Wang Liang	–	3,453	–	–	3,453
Zhu Jiangtao (i)	–	2,821	–	–	2,821
Subtotal	–	6,274	–	–	6,274
The executive director's emoluments shown above were for their services in connection with the management of the affairs of the Bank and the Group.					
Non-executive directors					
Miao Jianmin	–	–	–	–	–
Hu Jianhua (ii)	–	–	–	–	–
Sun Yunfei	–	–	–	–	–
Zhou Song	–	–	–	–	–
Hong Xiaoyuan (ii)	–	–	–	–	–
Zhang Jian	–	–	–	–	–
Chen Dong	–	–	–	–	–
Subtotal	–	–	–	–	–
The non-executive directors shown above did not receive remuneration from the Bank.					
Independent non-executive directors and supervisors					
Wong See Hong	500	–	–	–	500
Li Menggang	500	–	–	–	500
Liu Qiao	500	–	–	–	500
Tian Hongqi	500	–	–	–	500
Li Chaoxian	500	–	–	–	500
Shi Yongdong	500	–	–	–	500
Luo Sheng	–	–	–	–	–
Peng Bihong (iii)	–	–	–	–	–
Wu Heng	–	–	–	–	–
Xu Zhengjun	400	–	–	–	400
Cai Hongping	400	–	–	–	400
Zhang Xiang	400	–	–	–	400
Cai Jin	–	1,627	–	–	1,627
Cao Jian (iv)	–	1,294	–	–	1,294
Yang Sheng (v)	–	967	–	–	967
Subtotal	4,200	3,888	–	–	8,088
The independent non-executive directors' and supervisors' emoluments shown above were for their services as directors or supervisors of the Bank.					
Former executive, non-executive directors and supervisors					
Su Min (vi)	–	–	–	–	–
Xiong Liangjun (v)	–	1,870	–	–	1,870
Wang Wanqing (iv)	–	593	–	–	593
Subtotal	–	2,463	–	–	2,463
The former executive, non-executive directors' and supervisors' emoluments shown above were for their services as directors or supervisors of the Bank.					
Total	4,200	12,625	–	–	16,825

11. Directors' and supervisors' emoluments *(continued)*

The emoluments of the Directors and Supervisors during the year were as follows: *(continued)*

Notes:

(i) In June 2023, according to the relevant resolution passed at the 2022 Annual General Meeting of the Bank, Mr. Zhu Jiangtao was elected as the Executive Director of the Bank, whose qualification as the Director was approved by the NFRA in August 2023. The emolument of Mr. Zhu Jiangtao shown above included the portion for his services before his qualification as the Director was approved by the NFRA during the year.

(ii) In January 2024, Mr. Hu Jianhua and Mr. Hong Xiaoyuan ceased to be Non-Executive Directors of the Bank due to their age.

(iii) In January 2024, Mr. Peng Bihong ceased to be the Shareholder Supervisor of the Bank due to change of work arrangement.

(iv) In March 2023, Mr. Cao Jian was elected as the Employee Supervisor of the Bank at the employee representative meeting of the Bank. Mr. Wang Wanqing ceased to be the Employee Supervisor of the Bank due to his age.

(v) In June 2023, Mr. Yang Sheng was elected as the Employee Supervisor of the Bank at the employee representative meeting of the Bank. At the same time, Mr. Xiong Liangjun ceased to be the Chairman of the Board of Supervisors and Employee Supervisor of the Bank due to his age.

(vi) In March 2023, Ms. Su Min retired and resigned as the Non-Executive Director of the Bank.

During the years of 2024 and 2023, no emoluments were paid by the Group to any of the persons who are directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss of office.

During the years of 2024 and 2023, there was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration.

12. Five highest paid individuals

During the year ended 31 December 2024, the five (2023: five) highest paid individuals included five persons in total. Of these highest paid individuals, three (2023: two) were directors of the Bank whose emoluments were included in Note 11 above. The aggregate emolument of the remaining two (2023: three) highest paid individuals who were not directors of the Bank is as follows:

	2024 **RMB'000**	2023 RMB'000
Salaries and other emoluments	**5,584**	8,263
Discretionary bonuses	**–**	–
Contributions to defined contribution retirement schemes	**–**	–
Total	**5,584**	8,263

These highest paid individuals who were neither directors nor supervisors of the Bank whose emoluments fell within the following bands is set out below:

	2024	2023
HKD		
2,500,001 – 3,000,000	**2**	1
3,000,001 – 3,500,000	**–**	2
3,500,001 – 4,000,000	**–**	–
4,000,001 – 4,500,000	**–**	–
4,500,001 – 5,000,000	**–**	–

During the years of 2024 and 2023, no emoluments were paid by the Group to any of the persons who are five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

13. Loans to directors, supervisors and executive officers

Loans to directors, supervisors and executive officers of the Group are as follows:

	2024	2023
Aggregate amount of relevant loans made by the Group outstanding at year end	**25**	35
Maximum aggregate amount of relevant loans made by the Group outstanding during the year	**33**	50

14. Expected credit losses

	2024	2023
Loans and advances to customers	**43,608**	46,635
– Loans and advances at amortised cost (Note 22(c)(i))	**41,400**	50,470
– Loans and advances at FVTOCI (Note 22(c)(ii))	**2,208**	(3,835)
Amounts due from banks and other financial institutions	**1,371**	(2,935)
Financial investments	**(2,400)**	(218)
– Debt investments at amortised cost (Note 23(b)(iii))	**(4,130)**	(1,227)
– Debt investments at FVTOCI (Note 23(c)(ii))	**1,730**	1,009
Financial guarantees and loan commitments	**(2,703)**	(2,761)
Other	**100**	557
Total	**39,976**	41,278

15. Income tax

(a) Income tax in the consolidated statement of profit or loss represents:

	2024	2023
Current income tax expense	**28,929**	28,695
– Mainland China	**27,174**	27,366
– Hong Kong	**1,511**	1,155
– Overseas	**244**	174
Deferred taxation	**164**	(83)
Total	**29,093**	28,612

(b) A reconciliation of income tax expense in the consolidated statement of profit or loss and that calculated at the applicable statutory tax rate is as follows:

	2024	2023
Profit before taxation	**178,652**	176,618
Tax at the PRC statutory income tax rate of 25% (2023: 25%)	**44,663**	44,154
Tax effects of the following items:	**(15,570)**	(15,542)
– Effects of tax reduction and exemption policies	**(18,505)**	(18,872)
– Effects of costs, expenses and losses not deductible for tax purpose	**4,283**	4,551
– Effects of different applicable rates in other jurisdictions (note(i))	**(300)**	(260)
– Tax effect of perpetual bond/perpetual debt capital interest expense	**(1,170)**	(937)
– Other	**122**	(24)
Income tax expense	**29,093**	28,612

Notes:

(i) Taxation for Hong Kong and overseas operations are charged at the applicable rates of tax prevailing in relevant regions.

(ii) The Group has conducted relevant assessments, and it has been determined that in most jurisdictions where the Group operates, the effective tax rate under Pillar Two is above 15%. In a few jurisdictions, the effective tax rate under Pillar Two is slightly below 15%. The Group expects that the implementation of Pillar Two legislation will have no significant impact on its financial condition and operating results.

16. Other comprehensive income

(a) Income tax effects relating to each component of other comprehensive income

	2024			2023		
	Before-tax amount	Tax benefit/ (expense)	Net-of-tax amount	Before-tax amount	Tax benefit/ (expense)	Net-of-tax amount
Items that may be reclassified subsequently to profit or loss	30,256	(6,486)	23,770	2,766	(393)	2,373
– Net fair value gain/(loss) on debt instruments measured at FVTOCI	21,913	(5,490)	16,423	4,470	(1,133)	3,337
– Net changes in expected credit losses of debt instruments measured at FVTOCI	4,004	(1,004)	3,000	(2,775)	730	(2,045)
– Net movement in cash flow hedge reserve	(44)	8	(36)	(69)	10	(59)
– Share of other comprehensive income from equity-accounted investees	2,452	–	2,452	202	–	202
– Exchange difference on translation of financial statements of foreign operations	1,931	–	1,931	983	–	983
– Other	–	–	–	(45)	–	(45)
Items that will not be reclassified to profit or loss	3,125	(202)	2,923	440	(82)	358
– Net fair value gain on equity instruments designated at FVTOCI	3,101	(198)	2,903	435	(81)	354
– Remeasurement of defined benefit scheme	24	(4)	20	5	(1)	4
Other comprehensive income	33,381	(6,688)	26,693	3,206	(475)	2,731

(b) Movements relating to components of other comprehensive income are as follows:

	2024	2023
Net fair value gain/(loss) on debt instruments measured at FVTOCI		
Changes in fair value recognised during the year	**21,894**	6,083
Reclassification adjustments for amounts transferred to profit or loss upon disposal	**(5,471)**	(2,746)
Net movement in investment revaluation reserve during the year recognised in other comprehensive income	**16,423**	3,337
Net changes in expected credit losses of debt instruments measured at FVTOCI		
Changes in expected credit losses recognised during the year	**3,000**	(2,045)
Net movement in investment revaluation reserve during the year recognised in other comprehensive income	**3,000**	(2,045)
Net fair value gain on equity instruments designated at FVTOCI		
Changes in fair value recognised during the year	**2,903**	354
Net movement in investment revaluation reserve during the year recognised in other comprehensive income	**2,903**	354
Net movement in cash flow hedge reserve		
Effective portion of changes in fair value of hedging instruments	**(33)**	(58)
Reclassification adjustment for realised gain to profit or loss	**(3)**	(1)
Net movement in hedging reserve during the year recognised in other comprehensive income	**(36)**	(59)

17. Earnings per share

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders of the Bank and the weighted average number of shares in issue for the year.

	2024	2023
Net profit attributable to equity holders of the Bank	**148,391**	146,602
Less: Net profit attributable to preference shareholders of the Bank	**(996)**	(996)
Net profit attributable to holders of perpetual bonds	**(4,585)**	(3,562)
Net profit attributable to ordinary shareholders of the Bank	**142,810**	142,044
Weighted average number of shares in issue (in million shares)	**25,220**	25,220
Basic and diluted earnings per share (in RMB Yuan)	**5.66**	5.63

Note:

The Bank issued non-cumulative preference shares in 2017 and non-cumulative perpetual bonds in 2020, 2021, 2023 and 2024. For the purpose of calculating basic earnings per share, dividends on non-cumulative preference shares and interests on non-cumulative perpetual bonds declared during the year have been deducted from the amounts attributable to equity holders 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 as of 31 December 2024 and 2023. Therefore the conversion feature of preference shares has no effect on the diluted earnings per share calculation for both years.

The non-cumulative perpetual bonds issued by the Bank do not contain equity conversion clauses.

18. Balances with central banks

	2024	2023
Statutory deposit reserve (note (i))	**507,018**	536,637
Surplus deposit reserve (note (ii))	**30,335**	125,878
Other deposits with central banks (note (iii))	**19,813**	5,054
Accrued interest	**277**	302
Total	**557,443**	667,871

Notes:

(i) Statutory deposit reserve funds are deposited with The PBOC and other central banks outside the Chinese mainland as required and are not available for the Group's daily operations. The statutory deposit reserve funds of the Bank's institutions located in the mainland China are calculated at 6% and 4% of eligible RMB deposits and foreign currency deposits respectively as at 31 December 2024 (31 December 2023: 7% and 4% of eligible RMB deposits and foreign currency deposits respectively). Eligible deposits include deposits from government authorities and other organisations, retail deposits, corporate deposits, and net credit balances of entrusted business and RMB deposits placed by financial institutions outside the mainland China. The amounts of statutory deposit reserves placed with the central banks of overseas countries are determined by local jurisdictions.

(ii) Surplus deposit reserve maintained with the PBOC and central banks outside the mainland China are mainly for clearing and settlement purposes.

(iii) Other deposits with central banks primarily represent fiscal deposits and foreign exchange reserve placed with the PBOC.

19. Balances with banks and other financial institutions

	2024	2023
Principal (a)	**220,549**	100,757
Impairment allowances (a)(b)	**(830)**	(223)
Subtotal	**219,719**	100,534
Accrued interest	**512**	235
Total	**220,231**	100,769

(a) Analysed by nature of counterparties

	2024	2023
In the mainland China	**176,929**	62,381
– Banks	**166,974**	57,387
– Other financial institutions	**9,955**	4,994
Outside the mainland China	**43,620**	38,376
– Banks	**43,042**	37,872
– Other financial institutions	**578**	504
Total	**220,549**	100,757
Less: Impairment allowances	**(830)**	(223)
– Banks	**(776)**	(196)
– Other financial institutions	**(54)**	(27)
Net carrying amount	**219,719**	100,534

(b) Movements of allowances for impairment losses are as follows:

	2024	2023
Balance as at the beginning of the year	**223**	509
Charge/(release) for the year (note 14)	**607**	(287)
Exchange difference	**–**	1
Balance as at the end of the year	**830**	223

20. Placements with banks and other financial institutions

	2024	2023
Principal (a)	**406,817**	286,247
Impairment allowances (a)(c)	**(1,126)**	(519)
Subtotal	**405,691**	285,728
Accrued interest	**3,264**	1,966
Total	**408,955**	287,694

(a) Analysed by nature of counterparties

	2024	2023
In the mainland China	**292,720**	214,881
– Banks	**39,380**	42,041
– Other financial institutions	**253,340**	172,840
Outside the mainland China	**114,097**	71,366
– Banks	**114,097**	70,625
– Other financial institutions	**–**	741
Total	**406,817**	286,247
Less: Impairment allowances	**(1,126)**	(519)
– Banks	**(216)**	(92)
– Other financial institutions	**(910)**	(427)
Net carrying amount	**405,691**	285,728

(b) Analysed by remaining maturity

	2024	2023
Maturing		
– Within one month (inclusive)	**125,756**	107,390
– Between one month and one year (inclusive)	**264,359**	175,523
– Over one year	**15,576**	2,815
Total	**405,691**	285,728

(c) Movements of allowances for impairment losses are as follows:

	2024	2023
Balance as at the beginning of the year	**519**	2,658
Charge/(release) for the year (note 14)	**607**	(2,143)
Exchange difference	**–**	4
Balance as at the end of the year	**1,126**	519

21. Amounts held under resale agreements

	2024	2023
Principal (a)	**272,043**	172,708
Impairment allowances (a)(d)	**(746)**	(589)
Subtotal	**271,297**	172,119
Accrued interest	**32**	127
Total	**271,329**	172,246

(a) Analysed by nature of counterparties

	2024	2023
In the mainland China	**271,387**	172,334
– Banks	**53,048**	9,961
– Other financial institutions	**218,339**	162,373
Outside the mainland China	**656**	374
– Banks	**72**	88
– Other financial institutions	**584**	286
Total	**272,043**	172,708
Less: Impairment allowances	**(746)**	(589)
– Banks	**(176)**	(148)
– Other financial institutions	**(570)**	(441)
Net carrying amount	**271,297**	172,119

(b) Analysed by remaining maturity

	2024	2023
Maturing		
– Within one month (inclusive)	**271,297**	172,119
Total	**271,297**	172,119

(c) Analysed by underlying assets

	2024	2023
Bonds	**257,549**	164,702
Bills	**13,748**	7,417
Total	**271,297**	172,119

(d) Movements of allowances for impairment losses are as follows:

	2024	2023
Balance as at the beginning of the year	**589**	1,094
Charge/(release) for the year (note 14)	**157**	(505)
Balance as at the end of the year	**746**	589

22. Loans and advances to customers

(a) Loans and advances to customers

	2024	2023
Gross amount of loans and advances to customers at amortised cost (i)	**6,300,863**	5,913,324
Accrued interest	**10,565**	11,442
Subtotal	**6,311,428**	5,924,766
Loss allowances of loans and advances to customers at amortised cost (i)	**(265,365)**	(266,805)
Loss allowances of accrued interest	**(982)**	(815)
Subtotal	**(266,347)**	(267,620)
Loans and advances to customers at amortised cost	**6,045,081**	5,657,146
Loans and advances to customers at FVTOCI (ii)	**551,692**	525,179
Loans and advances to customers at FVTPL (iii)	**35,775**	70,430
Total	**6,632,548**	6,252,755

(i) Loans and advances to customers at amortised cost

	2024	2023
Corporate loans and advances	**2,656,238**	2,475,432
Retail loans and advances	**3,644,625**	3,437,883
Discounted bills	**–**	9
Gross amount of loans and advances to customers at amortised cost	**6,300,863**	5,913,324
Less: Loss allowances	**(265,365)**	(266,805)
– Stage 1 (12-month ECL)	**(152,598)**	(165,866)
– Stage 2 (Lifetime ECL-not credit-impaired)	**(56,926)**	(47,729)
– Stage 3 (Lifetime ECL-credit-impaired)	**(55,841)**	(53,210)
Net amount of loans and advances to customers at amortised cost	**6,035,498**	5,646,519

(ii) Loans and advances to customers at FVTOCI

	2024	2023
Corporate loans and advances	**206,343**	120,762
Discounted bills	**345,349**	404,417
Loans and advances to customers at FVTOCI	**551,692**	525,179
Loss allowances	**(4,936)**	(2,729)
– Stage 1 (12-month ECL)	**(4,515)**	(2,726)
– Stage 2 (Lifetime ECL-not credit-impaired)	**(421)**	(3)
– Stage 3 (Lifetime ECL-credit-impaired)	**–**	–

No loss allowance is recognised in the consolidated statement of financial position for loans and advances to customers at FVTOCI as the carrying amount is at fair value.

(iii) Loans and advances to customers at FVTPL

	2024	2023
Corporate loans and advances	**1,159**	3,661
Discounted bills	**34,601**	66,701
Accrued interest	**15**	68
Total	**35,775**	70,430

22. Loans and advances to customers *(continued)*

(b) Analysis of loans and advances to customers

(i) Analysed by industry sector and category:

Operations in the mainland China

	2024	2023
Manufacturing	**652,430**	557,691
Transportation, storage and postal services	**497,123**	477,016
Production and supply of electric power, heat, gas and water	**333,400**	259,864
Property development	**287,798**	303,707
Wholesale and retail	**222,593**	187,737
Leasing and commercial services	**186,736**	186,463
Telecommunications, software and IT services	**124,026**	95,394
Construction	**105,294**	110,577
Finance	**89,007**	88,296
Mining	**49,632**	42,326
Water, environment and public utilities management	**36,728**	42,813
Other	**88,901**	76,400
Subtotal of corporate loans and advances	**2,673,668**	2,428,284
Discounted bills	**379,950**	471,127
Residential mortgage	**1,404,101**	1,376,815
Credit cards	**947,712**	935,777
Micro-finance loans	**824,128**	750,019
Consumer loans	**396,161**	301,538
Other	**5,388**	7,806
Subtotal of retail loans and advances	**3,577,490**	3,371,955
Gross amount of loans and advances to customers	**6,631,108**	6,271,366

Operations outside the mainland China

	2024	2023
Finance	**51,257**	45,368
Transportation, storage and postal services	**44,972**	36,248
Property development	**30,753**	22,960
Manufacturing	**17,200**	19,335
Telecommunications, software and IT services	**10,991**	8,323
Production and supply of electric power, heat, gas and water	**9,856**	12,359
Leasing and commercial services	**7,756**	6,207
Wholesale and retail	**5,118**	10,002
Construction	**2,672**	623
Mining	**2,335**	4,945
Water, environment and public utilities management	**1,051**	419
Other	**6,111**	4,782
Subtotal of corporate loans and advances	**190,072**	171,571
Residential mortgage	**13,349**	8,671
Credit cards	**131**	133
Micro-finance loans	**1,315**	1,278
Other	**52,340**	55,846
Subtotal of retail loans and advances	**67,135**	65,928
Gross amount of loans and advances to customers	**257,207**	237,499

As at 31 December 2024, over 90% of the Group's loans and advances to customers were conducted in the mainland China (31 December 2023: over 90%).

22. Loans and advances to customers *(continued)*

(b) Analysis of loans and advances to customers *(continued)*

(ii) Analysed by type of guarantees:

	2024	2023
Credit loans	2,800,227	2,592,093
Guaranteed loans	872,494	822,059
Collateralised loans	2,381,108	2,244,129
Pledged loans	454,536	379,457
Subtotal	6,508,365	6,037,738
Discounted bills	379,950	471,127
Gross amount of loans and advances to customers	6,888,315	6,508,865

(iii) Analysed by overdue term:

	2024				
	Overdue within 3 months (inclusive)	Overdue from 3 months up to 1 year (inclusive)	Overdue from 1 year up to 3 years (inclusive)	Overdue more than 3 years	Total overdue loans
Credit loans	29,777	15,187	2,741	1,421	49,126
Guaranteed loans	1,079	2,575	7,418	2,966	14,038
Collateralised loans	8,562	7,190	6,857	1,331	23,940
Pledged loans	2,810	249	501	1,211	4,771
Gross amount of loans and advances to customers	42,228	25,201	17,517	6,929	91,875

	2023				
	Overdue within 3 months (inclusive)	Overdue from 3 months up to 1 year (inclusive)	Overdue from 1 year up to 3 years (inclusive)	Overdue more than 3 years	Total overdue loans
Credit loans	20,486	13,310	3,905	1,661	39,362
Guaranteed loans	6,971	4,360	7,053	618	19,002
Collateralised loans	6,133	4,638	5,157	1,549	17,477
Pledged loans	2,571	766	1,556	1,249	6,142
Gross amount of loans and advances to customers	36,161	23,074	17,671	5,077	81,983

Note: Loans are classified as overdue when the principal or interest is overdue more than one day.

Among the above-mentioned overdue loans and advances to customers, collateralised loans and pledged loans that are overdue but not impaired at the reporting date are as follows:

	2024	2023
Collateralised loans that are overdue but not impaired	7,170	5,448
Pledged loans that are overdue but not impaired	1,542	2,565
Total	8,712	8,013

22. Loans and advances to customers *(continued)*

(b) Analysis of loans and advances to customers *(continued)*

(iv) Analysed by ECL

	2024			
	– Stage 1 (12-month ECL)	– Stage 2 (Lifetime ECL – not credit-impaired)	– Stage 3 (Lifetime ECL – credit-impaired)	Total
Loans and advances measured at amortised cost	**6,030,395**	**204,858**	**65,610**	**6,300,863**
Less: Loss allowances of loans and advances to customers at amortised cost	**(152,598)**	**(56,926)**	**(55,841)**	**(265,365)**
Net amount of loans and advances to customers at amortised cost	**5,877,797**	**147,932**	**9,769**	**6,035,498**
Loans and advances to customers at FVTOCI	**550,089**	**1,603**	**–**	**551,692**
Loss allowances of loans and advances to customers at FVTOCI	**(4,515)**	**(421)**	**–**	**(4,936)**

	2023			
	– Stage 1 (12-month ECL)	– Stage 2 (Lifetime ECL – not credit-impaired)	– Stage 3 (Lifetime ECL – credit-impaired)	Total
Loans and advances measured at amortised cost	5,686,659	165,105	61,560	5,913,324
Less: Loss allowances of loans and advances to customers at amortised cost	(165,866)	(47,729)	(53,210)	(266,805)
Net amount of loans and advances to customers at amortised cost	5,520,793	117,376	8,350	5,646,519
Loans and advances to customers at FVTOCI	524,624	555	–	525,179
Loss allowances of loans and advances to customers at FVTOCI	(2,726)	(3)	–	(2,729)

22. Loans and advances to customers *(continued)*

(c) Movements of allowance for expected credit loss

(i) Reconciliation of allowance for expected credit loss for loans and advances to customers measured at amortised cost:

	2024			
	– Stage 1 (12-month ECL)	– Stage 2 (Lifetime ECL – not credit-impaired)	– Stage 3 (Lifetime ECL – credit-impaired)	Total
Balance as at the beginning of the year	**165,866**	**47,729**	**53,210**	**266,805**
Transfer to				
– Stage 1	**8,028**	**(7,877)**	**(151)**	**–**
– Stage 2	**(6,417)**	**6,817**	**(400)**	**–**
– Stage 3	**(1,688)**	**(9,413)**	**11,101**	**–**
Charge/(release) for the year (note 14)	**(13,314)**	**19,624**	**35,090**	**41,400**
Write-offs/disposals	**–**	**–**	**(53,154)**	**(53,154)**
Recovery of loans and advances written off	**–**	**–**	**10,274**	**10,274**
Exchange and other differences	**123**	**46**	**(129)**	**40**
Balance as at the end of the year	**152,598**	**56,926**	**55,841**	**265,365**

	2023			
	– Stage 1 (12-month ECL)	– Stage 2 (Lifetime ECL – not credit-impaired)	– Stage 3 (Lifetime ECL – credit-impaired)	Total
Balance as at the beginning of the year	159,932	44,898	50,083	254,913
Transfer to				
– Stage 1	7,480	(7,309)	(171)	–
– Stage 2	(5,807)	6,382	(575)	–
– Stage 3	(1,625)	(14,547)	16,172	–
Charge for the year (note 14)	5,274	18,214	26,982	50,470
Write-offs/disposals	–	–	(47,922)	(47,922)
Recovery of loans and advances written off	–	–	8,819	8,819
Exchange and other differences	612	91	(178)	525
Balance as at the end of the year	165,866	47,729	53,210	266,805

(ii) Reconciliation of allowance for expected credit loss for loans and advances to customers measured at FVTOCI:

	2024	2023
Balance as at the beginning of the year	**2,729**	6,563
Charge/(release) for the year (note 14)	**2,208**	(3,835)
Exchange difference	**(1)**	1
Balance as at the end of the year	**4,936**	2,729

22. Loans and advances to customers *(continued)*

(d) Finance leases receivable

The table below provides an analysis of finance leases receivable included in loans and advances to customers for leases of assets in which the Group is a lessor:

	2024	2023
Total minimum leases receivable		
Within 1 year (inclusive)	**16,148**	15,305
Over 1 year but within 2 years (inclusive)	**9,230**	8,010
Over 2 years but within 3 years (inclusive)	**5,495**	7,573
Over 3 years but within 4 years (inclusive)	**4,598**	4,755
Over 4 years but within 5 years (inclusive)	**4,058**	3,729
Over 5 years	**18,506**	19,145
Subtotal	**58,035**	58,517
Unearned finance income	**(8,991)**	(10,491)
Present value of minimum leases receivable	**49,044**	48,026
Less: Impairment allowances	**(2,738)**	(2,629)
– Stage 1 (12-month ECL)	**(642)**	(661)
– Stage 2 (Lifetime ECL – not credit-impaired)	**(1,763)**	(1,368)
– Stage 3 (Lifetime ECL – credit-impaired)	**(333)**	(600)
Net carrying amount of finance leases receivable	**46,306**	45,397

23. Financial investments

	Notes	2024	2023
Financial investments at fair value through profit or loss	23(a)	**617,018**	526,145
Debt investments at amortised cost	23(b)	**1,941,580**	1,749,024
Debt investments at FVTOCI	23(c)	**1,092,127**	899,102
Equity investments designated at FVTOCI	23(d)	**22,315**	19,649
Total		**3,673,040**	3,193,920

(a) Financial investments at fair value through profit or loss

	Notes	2024	2023
Financial investments measured at FVTPL	(i)	**603,353**	513,266
Financial assets designated at fair value through profit or loss	(ii)	**13,665**	12,879
Total		**617,018**	526,145

23. Financial investments *(continued)*

(a) Financial investments at fair value through profit or loss *(continued)*

(i) Financial investments measured at FVTPL

Financial investments held for trading

	2024	2023
Bonds:		
Classified by issuer	**243,906**	251,189
– Government bonds	**96,730**	128,894
– Bonds issued by policy banks	**45,491**	20,502
– Bonds issued by commercial banks and other financial institutions	**58,420**	40,591
– Other debt securities	**43,265**	61,202
Classified by listing	**243,906**	251,189
– Listed in the mainland China	**222,192**	236,106
– Listed outside the mainland China	**13,079**	12,787
– Unlisted	**8,635**	2,296
Other investments:		
Classified by underlying assets	**2,379**	4,347
– Equity investments	**310**	257
– Fund investments	**1,026**	1,440
– Wealth management products	**909**	1,046
– Long position in precious metal contracts	**134**	1,604
Classified by listing	**2,379**	4,347
– Listed in the mainland China	**310**	–
– Listed outside the mainland China	**134**	1,604
– Unlisted	**1,935**	2,743
Total financial investments held for trading	**246,285**	255,536

23. Financial investments *(continued)*

(a) Financial investments at fair value through profit or loss *(continued)*

(i) Financial investments measured at FVTPL *(continued)*

Other financial investments measured at FVTPL

	2024	2023
Bonds:		
Classified by issuer	**8,146**	10,619
– Bonds issued by policy banks	**–**	740
– Bonds issued by commercial banks and other financial institutions	**1,443**	3,781
– Other debt securities	**6,703**	6,098
Classified by listing	**8,146**	10,619
– Listed in the mainland China	**6,528**	7,483
– Listed outside the mainland China	**551**	2,777
– Unlisted	**1,067**	359
Other investments:		
Classified by underlying assets	**348,922**	247,111
– Equity investments	**2,952**	4,228
– Fund investments	**342,925**	240,864
– Wealth management products	**2,225**	1,683
– Non-standard assets	**596**	–
– Other	**224**	336
Classified by listing	**348,922**	247,111
– Listed in the mainland China	**835**	990
– Listed outside the mainland China	**216**	972
– Unlisted	**347,871**	245,149
Total other financial investments measured at FVTPL	**357,068**	257,730
Total financial investments measured at FVTPL	**603,353**	513,266

(ii) Financial investments designated at fair value through profit or loss

	2024	2023
Bonds:		
Classified by issuer	**13,665**	12,879
– Government bonds	**43**	228
– Bonds issued by policy banks	**8,820**	4,492
– Bonds issued by commercial banks and other financial institutions	**4,802**	7,327
– Other debt securities	**–**	832
Classified by listing	**13,665**	12,879
– Listed in the mainland China	**11,928**	12,637
– Listed outside the mainland China	**1,646**	242
– Unlisted	**91**	–

23. Financial investments *(continued)*

(b) Debt investments at amortised cost

	2024	2023
Debt investments at amortised cost (i)(ii)	**1,955,920**	1,768,010
Accrued interest	**21,328**	20,796
Subtotal	**1,977,248**	1,788,806
Impairment losses of debt investments at amortised cost (i)(ii)(iii)	**(35,459)**	(39,390)
Impairment losses of accrued interest	**(209)**	(392)
Subtotal	**(35,668)**	(39,782)
Total	**1,941,580**	1,749,024

(i) Debt investments at amortised cost:

	2024	2023
Bonds:		
Classified by issuer	**1,848,162**	1,680,262
– Government bonds	**1,240,885**	1,179,073
– Bonds issued by policy banks	**494,867**	442,206
– Bonds issued by commercial banks and other financial institutions	**99,345**	51,732
– Other debt securities	**13,065**	7,251
Classified by listing	**1,848,162**	1,680,262
– Listed in the mainland China	**1,743,427**	1,607,814
– Listed outside the mainland China	**68,301**	41,533
– Unlisted	**36,434**	30,915
Fair value for the listed bonds	**1,960,310**	1,708,448
Other investments:		
Classified by underlying assets	**107,758**	87,748
– Non-standard assets – Loans and advances to customers	**49,046**	73,709
– Non-standard assets – Creditor's beneficiary rights to other commercial banks	**49,403**	3,738
– Non-standard assets – Other	**8,656**	9,622
– Other	**653**	679
Classified by listing	**107,758**	87,748
– Unlisted	**107,758**	87,748
Total	**1,955,920**	1,768,010
Less: Loss allowances	**(35,459)**	(39,390)
Stage 1 (12-month ECL)	**(8,949)**	(13,193)
Stage 2 (Lifetime ECL – not credit-impaired)	**(354)**	(486)
Stage 3 (Lifetime ECL – credit-impaired)	**(26,156)**	(25,711)
Net debt investments at amortised cost	**1,920,461**	1,728,620

23. Financial investments *(continued)*

(b) Debt investments at amortised cost *(continued)*

(ii) Analysed by stage of ECL:

	2024			
	– Stage 1 (12-month ECL)	– Stage 2 (Lifetime ECL – not credit-impaired)	– Stage 3 (Lifetime ECL – credit–impaired)	Total
Debt investments at amortised cost	1,927,893	1,790	26,237	1,955,920
Less: Loss allowances of debt investments at amortised cost	(8,949)	(354)	(26,156)	(35,459)
Net debt investments at amortised cost	1,918,944	1,436	81	1,920,461

	2023			
	– Stage 1 (12-month ECL)	– Stage 2 (Lifetime ECL – not credit-impaired)	– Stage 3 (Lifetime ECL – credit-impaired)	Total
Debt investments at amortised cost	1,738,945	1,517	27,548	1,768,010
Less: Loss allowances of debt investments at amortised cost	(13,193)	(486)	(25,711)	(39,390)
Net debt investments at amortised cost	1,725,752	1,031	1,837	1,728,620

(iii) Movements of allowances for expected credit loss

	2024			
	– Stage 1 (12-month ECL)	– Stage 2 (Lifetime ECL – not credit-impaired)	– Stage 3 (Lifetime ECL – credit-impaired)	Total
Balance as at the beginning of the year	13,193	486	25,711	39,390
Transfer to:				
– Stage 1	–	–	–	–
– Stage 2	(40)	40	–	–
– Stage 3	–	–	–	–
Charge/(release) for the year (note 14)	(4,209)	(174)	253	(4,130)
Write-offs/disposals	–	–	–	–
Recovery of debt previously written off	–	–	175	175
Exchange difference	5	2	17	24
Balance as at the end of the year	8,949	354	26,156	35,459

23. Financial investments *(continued)*

(b) Debt investments at amortised cost *(continued)*

(iii) Movements of allowances for expected credit loss *(continued)*

	2023			
	– Stage 1 (12-month ECL)	– Stage 2 (Lifetime ECL – not credit-impaired)	– Stage 3 (Lifetime ECL – credit-impaired)	Total
Balance as at the beginning of the year	10,120	960	32,368	43,448
Transfer to:				
– Stage 1	–	–	–	–
– Stage 2	(37)	37	–	–
– Stage 3	–	(484)	484	–
Charge/(release) for the year (note 14)	3,111	(25)	(4,313)	(1,227)
Write-offs/disposals	(5)	(1)	(2,904)	(2,910)
Recovery of debt previously written off	–	–	66	66
Exchange difference	4	(1)	10	13
Balance as at the end of the year	13,193	486	25,711	39,390

(c) Debt investments at FVTOCI

	2024	2023
Debt investments at FVTOCI (i)	**1,082,577**	889,736
Accrued interest	**9,550**	9,366
Total	**1,092,127**	899,102
Impairment losses of debt investments at FVTOCI (ii)	**(8,620)**	(6,812)
Impairment losses of accrued interest	**(227)**	(148)
Total	**(8,847)**	(6,960)

No impairment allowances are recognised in the consolidated statement of financial position for debt investments at FVTOCI as the carrying amount is at fair value.

(i) Debt investments at FVTOCI:

	2024	2023
Bonds:		
Classified by issuer	**1,082,577**	889,736
– Government bonds	**688,572**	636,625
– Bonds issued by policy banks	**23,685**	35,519
– Bonds issued by commercial banks and other financial institutions	**230,694**	149,397
– Other debt securities	**139,626**	68,195
Classified by listing	**1,082,577**	889,736
– Listed in the mainland China	**781,480**	676,653
– Listed outside the mainland China	**127,562**	105,084
– Unlisted	**173,535**	107,999

23. Financial investments *(continued)*

(c) Debt investments at FVTOCI *(continued)*

(ii) Movements of allowances for expected credit loss

	2024	2023
Balance as at the beginning of the year	**6,812**	6,540
Charge for the year (note 14)	**1,730**	1,009
Write-offs/disposals	**–**	(807)
Exchange difference	**78**	70
Balance as at the end of the year	**8,620**	6,812

(d) Equity investments designated at FVTOCI

	2024	2023
Repossessed equity instruments	**2,596**	2,857
Other	**19,719**	16,792
Total	**22,315**	19,649
Classified by listing		
– Listed in the mainland China	**322**	926
– Listed outside the mainland China	**12,565**	9,515
– Unlisted	**9,428**	9,208
Total	**22,315**	19,649

During the year ended 31 December 2024, the Group disposed part of the equity investments designated at FVTOCI. The fair value of the equity investments disposed at the date of derecognition was RMB1,429 million (2023: RMB1,226 million). The cumulative net of tax loss of RMB4 million (2023: cumulative net of tax loss of RMB49 million) was transferred from investment revaluation reserve to retained earnings on disposal.

24. Particulars of principal subsidiaries of the bank

The following list contains particulars of subsidiaries which principally affect the financial results, assets or liabilities of the Group. Unless otherwise stated, the class of all shares held is ordinary. All of these companies are subsidiaries as defined under Note 4(1) and have been included in the scope of the consolidated financial statements of the Group.

Name of company	Place of incorporation and operation	Particulars of the issued and paid up capital (in millions)	% of ownership held by the Bank	Principal activities	Economic nature
CMB International Capital Holdings Corporation Limited (note (i))	Hong Kong	HKD4,129	100%	Investment bank and investment management	Limited liability
CMB Financial Leasing Company Limited (note (ii))	Shanghai	RMB18,000	100%	Finance leasing	Limited liability
CMB Wing Lung Bank Limited (note (iii))	Hong Kong	HKD1,161	100%	Banking	Limited liability
China Merchants Fund Management Co., Ltd. (note (iv))	Shenzhen	RMB1,310	55%	Fund management	Limited liability
CMB Wealth Management Co., Ltd (note (v))	Shenzhen	RMB5,556	90%	Asset management	Limited liability
China Merchants Europe S. A. (note (vi))	Luxembourg	EUR100	100%	Banking	Limited liability
Cigna & CMB Asset Management Company Limited (note (vii))	Beijing	RMB500	(note (vii))	Asset management	Limited liability

24. Particulars of principal subsidiaries of the bank *(continued)*

Notes:

(i) CMB International Capital Holdings Corporation Limited ("CMBIC"), formerly known as Jiangnan Finance Company Limited and CMB International Capital Corporation Limited, is the Bank's wholly-owned subsidiary approved for setting up by the PBOC through its Yin Fu [1998] No. 405. In 2014, the Bank made an additional capital contribution of HKD750 million in CMBIC. The capital of CMBIC increased to HKD1,000 million, and the Bank's shareholding percentage remained unchanged. The Board of Directors passed "The Resolution regarding the Capital Increase and Restructuring of CMBIC" which agreed that the Bank made capital contribution of USD400 million (or its equivalent) to CMBIC on 28 July 2015. The capital contribution was completed on 20 January 2016.

(ii) CMB Financial Leasing Company Limited ("CMBFL") is a wholly-owned subsidiary of the Bank approved for setting up by the former CBIRC through its Yin Jian Fu [2008] No. 110 and commenced its operation in April 2008. In 2014, the Bank made an additional capital contribution of RMB2,000 million in CMBFL. The capital of CMBFL increased to RMB6,000 million and the Bank's shareholding percentage remained unchanged. In August 2021, CMBFL converted RMB6,000 million of its retained earnings into share capital, and the capital of CMBFL increased to RMB12,000 million. The Bank's shareholding percentage remained unchanged. In September 2024, CMBFL converted RMB6,000 million of its retained earnings into share capital, and the capital of CMBFL increased to RMB18,000 million. The Bank's shareholding percentage remained unchanged.

(iii) CMB Wing Lung Bank Limited ("CMB WLB") was formerly known as Wing Lung Bank Limited. On 30 September 2008, the Bank acquired a 53.12% equity interests in CMB WLB. CMB WLB became a wholly owned subsidiary of the Bank on 15 January 2009. CMB WLB had withdrawn from listing on the HKEx as of 16 January 2009.

(iv) In 2012, the Bank acquired 21.60% equity interests in China Merchants Fund Management Co., Ltd. ("CMFM"), its former associate, from ING Asset Management B.V. at a consideration of EUR63,567,567.57. Following the settlement of the above consideration in cash, the Bank's shareholding in CMFM increased from 33.40% to 55.00% in 2013. As a result, the Bank obtained the control over CMFM, which became the Bank's subsidiary on 28 November 2013. In December 2017, the Bank made an additional capital contribution of RMB605 million in CMFM, and other shareholders of CMFM also made capital contribution of RMB495 million proportionally. The capital of CMFM increased to RMB1,310 million, and the Bank's shareholding percentage remained unchanged.

(v) CMB Wealth Management Co., Ltd. ("CMBWM") is a wholly-owned subsidiary of the Bank, approved for setting up by the former CBIRC with Yin Bao Jian Fu [2019] No. 981. It was formally established on 1 November 2019. In accordance with the approval of former CBIRC (Yin Bao Jian Fu [2021] No.920)", JPMorgan Asset Management (Asia Pacific) Limited ("JPMorgan Asset Management ") has subscribed for a 10% stake in CMBWM in 2022 with an investment of RMB2,667 million. After the completion of capital injection, CMBWM's registered capital has been increased to approximately RMB5,556 million from RMB5,000 million and the Bank's and JPMorgan Asset Management's shareholdings are 90% and 10% respectively.

(vi) China Merchants Europe S.A. ("CMB Europe S.A.") is a wholly-owned subsidiary of the Bank approved by the former CBIRC with Yin Jian Fu [2016] No. 460. The Bank received an approval from the European Central Bank (ECB) for the establishment of CMB Europe S.A. in Luxembourg in May 2021. In June 2023, the Bank made an additional capital contribution of EUR 50 million in CMB Europe S.A. The capital of CMB Europe S.A. increased to EUR 100 million, and the Bank's shareholding percentage remained unchanged.

(vii) Cigna & CMB Asset Management Company Limited ("CIGNA & CMAM") was registered and established on 18 October 2020 with the approval for setting up by the former CBIRC with Yin Bao Jian Fu [2020] No.708. CIGNA & CMAM is an indirectly controlled subsidiary of the Bank, with 87.3458% held by CIGNA & CMB Life Insurance Co., Ltd., a joint venture of the Bank, and 12.6542% held by CMBIC, a subsidiary of the Bank.

25. Interests in joint ventures

	2024	2023
Share of net assets	**19,310**	15,707
Share of profits for the year	**1,713**	1,860
Share of other comprehensive income/(expense) for the year	**2,185**	31

Details of the Group's interests in major joint ventures are as follows:

Name of joint ventures	Economic nature	Place of incorporation and operation	Particulars of issued and paid up capital (in millions)	Group's effective interest	Percentage of ownership held by the Bank	Principal activity
CIGNA & CMB Life Insurance Co., Ltd. (note(i))	Limited liability	Shenzhen	RMB2,800	50.00%	50.00%	Life insurance business
Merchants Union Consumer Finance Company Limited (note(ii))	Joint stock limited company	Shenzhen	RMB10,000	50.00%	50.00%	Consumer finance

Notes:

(i) The Group holds 50.00% equity interests in CIGNA & CMB Life Insurance Co., Ltd., ("CIGNA & CMB Life") and Cigna Health and Life Insurance Company ("CHLIC") holds the other 50.00% equity interests. The Bank and CHLIC share the joint venture's risk, profits and losses based on their shareholding proportionally. The Bank's investment in CIGNA & CMB Life is accounted for as an investment in a joint venture.

(ii) CMB WLB, one of the Group's wholly-owned subsidiaries, and China United Network Communications Limited ("CUNC"), a subsidiary of China Unicom Limited, jointly set up Merchants Union Consumer Finance Company Limited ("MUCFC"). Former CBIRC approved the operation of MUCFC on 3 March 2015. CMB WLB and CUNC each held 50% equity interests in MUCFC and share the risks, profits and losses proportionally based on their shareholdings. In December 2017, the Bank and CUNC made a capital contribution of RMB600 million in MUCFC respectively. After the capital injection, the capital of MUCFC increased to RMB2,859 million, with the Bank's shareholding percentage becoming 15%, CMB WLB's shareholding percentage becoming 35%, and the Group's total shareholding percentage remained at 50%. In December 2018, the Bank made another capital contribution of RMB1,000 million in MUCFC, and CUNC made the same amount of capital injection. After that, the share capital of MUCFC has reached RMB3,869 million. The Bank and CMB WLB then held 24.15% and 25.85% of equity interests in MUCFC, respectively, and the Group's total shareholding percentage remained at 50%.

In July 2021, CMB WLB transferred all its shares of MUCFC to the Bank. After the transfer, the Bank and CUNC each held 50% of equity interests in MUCFC, and the Group's total shareholding percentage remained unchanged. In October 2021, MUCFC converted RMB1,331 million of its capital reserve and RMB4,800 million of its retained earnings into share capital, and the share capital of MUCFC increased to RMB10,000 million after the conversion.

In July 2023, MUCFC completed the registration of the change of its Chinese name from "招聯消費金融有限公司" to "招聯消費金融股份有限公司".

25. Interests in joint ventures *(continued)*

Summarised financial information with necessary adjustments in accordance with the Group's accounting policies of the joint ventures which are individually material to the Group is as follows:

(i) CIGNA & CMB Life:

	Assets	Liabilities	Equity	Revenue	Net profit	Other comprehensive income/ (expense)	Total comprehensive income/ (expense)	Cash and cash equivalents	Depreciation and amortisation	Income tax
2024										
CIGNA & CMB Life	**214,689**	**199,905**	**14,784**	**49,553**	**558**	**4,371**	**4,929**	**1,596**	**141**	**(61)**
Group's effective interest	**106,976**	**99,953**	**7,023**	**24,777**	**222**	**2,185**	**2,407**	**798**	**71**	**(31)**
2023										
CIGNA & CMB Life	165,340	155,485	9,855	40,661	429	63	492	2,590	149	(944)
Group's effective interest	82,359	77,743	4,616	20,331	167	31	198	1,295	75	(472)

(ii) MUCFC:

	Assets	Liabilities	Equity	Revenue	Net profit	Total comprehensive income	Cash and cash equivalents	Depreciation and amortisation	Income tax
2024									
MUCFC	**163,751**	**141,088**	**22,663**	**17,318**	**3,016**	**3,016**	**4,170**	**50**	**440**
Group's effective interest	**81,876**	**70,544**	**11,332**	**8,659**	**1,508**	**1,508**	**2,085**	**25**	**220**
2023									
MUCFC	176,421	156,054	20,367	19,602	3,600	3,600	4,170	44	533
Group's effective interest	88,211	78,027	10,184	9,801	1,800	1,800	2,085	22	267

Summarised financial information of the joint ventures that are not individually material to the Group is as follows:

	Net loss	Other comprehensive expense	Total comprehensive expense
2024			
Other joint ventures	**(626)**	–	**(626)**
Group's effective interest	**(17)**	–	**(17)**
2023			
Other joint ventures	(1,197)	–	(1,197)
Group's effective interest	(107)	–	(107)

26. Interests in associates

	2024	2023
Share of net assets	**11,705**	10,883
Share of profits for the year	**919**	616
Share of other comprehensive income/(expense) for the year	**267**	171

Details of the Group's interest in major associate are as follows:

	Economic nature	Place of incorporation and operation	Particulars of issued and paid up capital (in millions)	Group's effective interest	Percentage of ownership held by the Bank	Principal activity
Bank of Taizhou Co., Ltd. (Note)	Joint stock limited company	Taizhou	RMB1,800	24.8559%	24.8559%	Commercial Bank

Note: The Bank, which originally held a 10% stake in Bank of Taizhou, acquired a total of 14.8559% stake from Ping An Trust Co., Ltd. and Ping An Life Insurance Company of China, Ltd. at a total consideration of RMB3,121 million on 31 May 2021. Upon the completion of the transaction, the Bank held 24.8559% stake of Bank of Taizhou. The Bank can exercise significant influence on Bank of Taizhou and therefore this investment is included in interests in associates.

Summarised financial information of the associate which is individually material to the Group is as follows:

	Assets	Liabilities	Equity	Revenue	Net profit	Other comprehensive income	Total comprehensive income	Cash and cash equivalents	Depreciation and amortisation	Income tax
2024										
Bank of Taizhou Co., Ltd.	**412,899**	**375,527**	**37,372**	**12,714**	**4,781**	**982**	**5,763**	**15,429**	**521**	**1,009**
Group's effective interest	**101,380**	**93,341**	**8,039**	**3,160**	**1,096**	**255**	**1,351**	**3,835**	**129**	**251**
2023										
Bank of Taizhou Co., Ltd.	402,413	369,702	32,711	12,552	4,639	184	4,823	9,561	522	1,099
Group's effective interest	98,881	91,893	6,988	3,120	1,052	46	1,098	2,376	130	273

Summarised financial information of the associates that are not individually material to the Group is as follows:

	Net loss	Other comprehensive income/(expense)	Total comprehensive expense
2024			
Other associates	**(726)**	**33**	**(693)**
Group's effective interest	**(177)**	**12**	**(165)**
2023			
Other associates	(5,308)	781	(4,527)
Group's effective interest	(436)	125	(311)

27. Investment properties

	2024	2023
Cost:		
At 1 January	**3,097**	3,301
Transfers in/(out)	**318**	(159)
Disposals	**–**	(79)
Exchange difference	**64**	34
At 31 December	**3,479**	3,097
Accumulated depreciation:		
At 1 January	**1,937**	2,033
Depreciation	**129**	140
Transfers in/(out)	**245**	(204)
Disposals	**–**	(57)
Exchange difference	**51**	25
At 31 December	**2,362**	1,937
Net carrying amount:		
At 31 December	**1,117**	1,160
At 1 January	**1,160**	1,268

As at 31 December 2024, no impairment allowance was considered necessary for investment properties by the Group (31 December 2023: Nil).

Investment properties of the Group mainly represent the leased properties of CMB WLB and the Bank that have been leased out under operating leases. The fair value of the Group's investment properties is determined by the market approach and the method of capitalisation of net rental income. As at 31 December 2024, the fair value of these properties was RMB4,322 million (31 December 2023: RMB4,432 million).

The Group's total future minimum leases receivable under non-cancellable operating leases are as follows:

	2024	2023
Within 1 year (inclusive)	**199**	227
1 year to 2 years (inclusive)	**187**	196
2 year to 3 years (inclusive)	**165**	165
3 year to 4 years (inclusive)	**104**	136
4 year to 5 years (inclusive)	**106**	79
Over 5 years	**169**	225
Total	**930**	1,028

The fair value hierarchy of the investment properties of the Group are listed as follows:

	Level 1	**Level 2**	**Level 3**	**Fair Value as at 31 December 2024**
Located in the mainland China	**–**	**1,875**	**–**	**1,875**
Located overseas	**–**	**–**	**2,447**	**2,447**
Total	**–**	**1,875**	**2,447**	**4,322**

	Level 1	Level 2	Level 3	Fair Value as at 31 December 2023
Located in the mainland China	–	2,036	–	2,036
Located overseas	–	–	2,396	2,396
Total	–	2,036	2,396	4,432

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

28. Property and equipment

	Land and buildings	Construction in progress	Computer equipment	Leasehold improvements	Aircraft, vessels and professional equipment	Other	Total
Cost:							
At 1 January 2024	33,026	3,980	17,338	12,767	104,803	5,210	177,124
Additions	9	1,995	2,529	532	29,732	285	35,082
Reclassification and transfers	1,413	(2,150)	46	402	–	(29)	(318)
Disposals	(237)	–	(839)	(94)	(16,074)	(530)	(17,774)
Exchange difference	113	–	63	16	1,172	7	1,371
At 31 December 2024	34,324	3,825	19,137	13,623	119,633	4,943	195,485
Accumulated depreciation:							
At 1 January 2024	15,984	–	14,582	8,946	16,815	4,270	60,597
Depreciation	1,480	–	1,812	891	6,689	453	11,325
Reclassification and transfers	(245)	–	46	(52)	–	(46)	(297)
Disposals	(186)	–	(838)	(32)	(5,501)	(523)	(7,080)
Exchange difference	88	–	44	15	131	11	289
At 31 December 2024	17,121	–	15,646	9,768	18,134	4,165	64,834
Impairment loss:							
At 1 January 2024	20	–	–	–	1,159	–	1,179
Charge	–	–	–	–	791	–	791
Disposals	(20)	–	–	–	(74)	–	(94)
Exchange difference	–	–	–	–	14	–	14
At 31 December 2024	–	–	–	–	1,890	–	1,890
Net carrying amount:							
At 31 December 2024	17,203	3,825	3,491	3,855	99,609	778	128,761
At 1 January 2024	17,022	3,980	2,756	3,821	86,829	940	115,348

28. Property and equipment *(continued)*

	Land and buildings	Construction in progress	Computer equipment	Leasehold improvements	Aircraft, vessels and professional equipment	Other	Total
Cost:							
At 1 January 2023	30,501	3,787	18,516	11,678	85,741	5,478	155,701
Additions	40	2,879	1,145	775	24,689	360	29,888
Reclassification and transfers	2,445	(2,686)	28	380	–	(8)	159
Disposals	(15)	–	(2,374)	(82)	(6,983)	(625)	(10,079)
Exchange difference	55	–	23	16	1,356	5	1,455
At 31 December 2023	33,026	3,980	17,338	12,767	104,803	5,210	177,124
Accumulated depreciation:							
At 1 January 2023	14,339	–	14,791	8,045	13,111	4,344	54,630
Depreciation	1,408	–	2,064	934	5,921	541	10,868
Reclassification and transfers	204	–	24	–	–	(24)	204
Disposals	(10)	–	(2,319)	(40)	(2,400)	(595)	(5,364)
Exchange difference	43	–	22	7	183	4	259
At 31 December 2023	15,984	–	14,582	8,946	16,815	4,270	60,597
Impairment loss:							
At 1 January 2023	20	–	–	–	1,132	–	1,152
Charge	–	–	–	–	183	–	183
Disposals	–	–	–	–	(175)	–	(175)
Exchange difference	–	–	–	–	19	–	19
At 31 December 2023	20	–	–	–	1,159	–	1,179
Net carrying amount:							
At 31 December 2023	17,022	3,980	2,756	3,821	86,829	940	115,348
At 1 January 2023	16,142	3,787	3,725	3,633	71,498	1,134	99,919

(a) As at 31 December 2024, the process of obtaining the registration certificate for the Group's properties with an aggregate net carrying value of RMB2,394 million (31 December 2023: RMB2,476 million) was still in progress. Management is of the view that the aforesaid matter would neither affect the rights of the Group to these assets nor have any significant impact on the business operation of the Group.

(b) As at 31 December 2024, the Group had no significant unused property and equipment (31 December 2023: None).

(c) As at 31 December 2024, the carrying value of mortgaged aircraft and vessels for placements from banks and other financial institutions of the CMBFL was RMB24,026 million (31 December 2023: RMB24,508 million).

(d) The Group's total future minimum lease receivables under non-cancellable operating leases are as follows:

	2024	2023
Within 1 year (inclusive)	**11,988**	10,711
1 year to 2 years (inclusive)	**10,327**	8,993
2 year to 3 years (inclusive)	**8,677**	7,906
3 year to 4 years (inclusive)	**8,178**	6,808
4 year to 5 years (inclusive)	**7,634**	6,363
Over 5 years	**29,074**	21,954
Total	**75,878**	62,735

29. Lease contracts

(a) Right-of-use assets

	Land use rights	Buildings	Computer equipment	Motor vehicles and other	Total
Cost:					
At 1 January 2024	6,002	25,044	10	11	31,067
Additions	–	4,423	7	–	4,430
Decrease	(61)	(4,222)	(4)	–	(4,287)
Exchange difference	6	24	–	–	30
At 31 December 2024	5,947	25,269	13	11	31,240
Accumulated depreciation:					
At 1 January 2024	1,557	12,399	8	3	13,967
Depreciation (note 10)	182	3,919	4	2	4,107
Decrease	(2)	(3,759)	(4)	–	(3,765)
Exchange difference	–	41	–	–	41
At 31 December 2024	1,737	12,600	8	5	14,350
Impairment loss:					
At 1 January 2024	59	–	–	–	59
Decrease	(59)	–	–	–	(59)
At 31 December 2024	–	–	–	–	–
Net carrying amount:					
At 31 December 2024	4,210	12,669	5	6	16,890
At 1 January 2024	4,386	12,645	2	8	17,041

	Land use rights	Buildings	Computer equipment	Motor vehicles and other	Total
Cost:					
At 1 January 2023	6,000	23,926	10	11	29,947
Additions	–	4,161	–	2	4,163
Decrease	–	(3,055)	–	(2)	(3,057)
Exchange difference	2	12	–	–	14
At 31 December 2023	6,002	25,044	10	11	31,067
Accumulated depreciation:					
At 1 January 2023	1,375	10,953	5	2	12,335
Depreciation (note 10)	182	4,018	3	2	4,205
Decrease	–	(2,584)	–	(1)	(2,585)
Exchange difference	–	12	–	–	12
At 31 December 2023	1,557	12,399	8	3	13,967
Impairment loss:					
At 1 January 2023	59	–	–	–	59
At 31 December 2023	59	–	–	–	59
Net carrying amount:					
At 31 December 2023	4,386	12,645	2	8	17,041
At 1 January 2023	4,566	12,973	5	9	17,553

The Group mainly leases land use rights and buildings for its operations. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee.

29. Lease contracts *(continued)*

(b) Lease liabilities

Analysis of the Group's lease liabilities by remaining maturity is as follows:

	2024	2023
Within 1 month (inclusive)	**448**	454
1 month to 3 months (inclusive)	**607**	578
3 months to 1 year (inclusive)	**2,855**	2,804
1 year to 2 years (inclusive)	**3,145**	3,085
2 years to 5 years (inclusive)	**4,560**	4,672
Over 5 years	**1,163**	1,082
Total	**12,778**	12,675

Interest expense on lease liabilities is set out in note 7.

(c) Short-term leases and leases of low-value assets

Short-term lease expense and leases of low-value assets expense are disclosed in note 10. The Group entered into short-term leases for buildings, computer equipment, motor vehicles and other.

(d) During the year of 2024, total cash outflow of the Group's leases amounted to RMB4,793 million (2023: RMB5,053 million).

(e) As at 31 December 2024 and 2023, the leases committed but not yet commenced were not significant.

30. Intangible assets

	Software and other	Core deposits	Total
Cost/appraisal value:			
At 1 January 2024	**10,577**	**1,203**	**11,780**
Additions	**194**	**–**	**194**
Disposals	**(22)**	**–**	**(22)**
Exchange difference	**4**	**43**	**47**
At 31 December 2024	**10,753**	**1,246**	**11,999**
Accumulated amortisation:			
At 1 January 2024	**8,418**	**653**	**9,071**
Charge for the year (note 10)	**636**	**44**	**680**
Disposals	**(20)**	**–**	**(20)**
Exchange difference	**7**	**23**	**30**
At 31 December 2024	**9,041**	**720**	**9,761**
Impairment loss:			
At 1 January 2024	**–**	**–**	**–**
Charge for the year	**42**	**–**	**42**
At 31 December 2024	**42**	**–**	**42**
Net carrying amount:			
At 31 December 2024	**1,670**	**526**	**2,196**
At 1 January 2024	**2,159**	**550**	**2,709**

	Software and other	Core deposits	Total
Cost/appraisal value:			
At 1 January 2023	10,393	1,181	11,574
Additions	253	–	253
Disposals	(73)	–	(73)
Exchange difference	4	22	26
At 31 December 2023	10,577	1,203	11,780
Accumulated amortisation:			
At 1 January 2023	7,572	600	8,172
Charge for the year (note 10)	888	42	930
Disposals	(46)	–	(46)
Exchange difference	4	11	15
At 31 December 2023	8,418	653	9,071
Net carrying amount:			
At 31 December 2023	2,159	550	2,709
At 1 January 2023	2,821	581	3,402

31. Goodwill

	As at 31 December 2023	Addition during the year	Decrease during the year	As at 31 December 2024
CMB WLB (note (i))	10,177	–	–	10,177
CMFM (note (ii))	355	–	–	355
CMB Network Technology (note (iii))	1	–	–	1
Total	10,533	–	–	10,533
Less: Impairment allowances – CMB WLB	(579)	–	–	(579)
Net carrying amount	9,954	–	–	9,954

Notes:

(i) On 30 September 2008, the Bank acquired a 53.12% equity interests in CMB WLB. On the acquisition date, the fair value of CMB WLB's identifiable net assets was RMB12,898 million, of which the Bank accounted for RMB6,851 million. A sum of RMB10,177 million, being the excess of acquisition cost over the fair value of the identifiable net assets, was recognised as goodwill. The details about CMB WLB are set out in Note 24.

(ii) On 28 November 2013, the Bank acquired a 55.00% equity interests in CMFM. On the acquisition date, the fair value of CMFM's identifiable net assets was RMB752 million, of which the Bank accounted for RMB414 million. A sum of RMB355 million, being the excess of acquisition cost of RMB769 million over the fair value of the identifiable net assets, was recognised as goodwill. The details about CMFM are set out in Note 24.

(iii) On 1 April 2015, CMBIC acquired the 100% equity interests in China Merchants Bank Network Technology (Shenzhen) Co., Ltd. ("CMB Network Technology"). On the acquisition date, the fair value of CMB Network Technology's identifiable net assets was RMB3 million. A sum of RMB1 million, being the excess of acquisition cost over the fair value of the identifiable net assets, was recognised as goodwill.

Impairment test for goodwill

The recoverable amounts of the CGUs are determined based on value in use calculations. These calculations use cash flow projections based on financial forecasts approved by management covering a 5-year period. Cash flows beyond the 5-year period are extrapolated using a steady growth rate. The growth rate is comparable to the forecast long-term economic growth rate issued by authoritative institutions which does not exceed the long-term average growth rate for the business in which the CGU operates.

The discount rate adopted by the Group is the before-tax rate and reflects the specific risk associated with the CGU. A pre-tax discount rates of CMB WLB and CMFM adopted by the Group are 10% and 11% (2023: 10% and 9%). The Group believes any reasonably possible change in the key assumptions on which recoverable amounts are based would not cause the carrying amounts of the CGUs to exceed their recoverable amounts.

32. Deferred tax assets and deferred tax liabilities

	2024	2023
Deferred tax assets	**83,674**	90,557
Deferred tax liabilities	**(1,592)**	(1,607)
Net amount	**82,082**	88,950

(a) Deferred tax assets/(liabilities) and related temporary differences are attributable to the following items:

	2024		2023	
	Deductible/ (taxable) temporary difference	Deferred tax	Deductible/ (taxable) temporary difference	Deferred tax
Deferred tax assets before offsetting qualifying amounts				
Impairment allowances on loans and advances to customers and other assets at amortised cost	**294,876**	**73,469**	297,564	74,251
Financial assets at FVTOCI	**1,389**	**233**	1,605	264
Financial instruments at FVTPL	**845**	**209**	451	113
Lease liabilities	**12,656**	**3,163**	12,543	3,135
Salaries and welfare payable and other	**92,695**	**22,081**	84,873	20,538
Total	**402,461**	**99,155**	397,036	98,301
Deferred tax liabilities before offsetting qualifying amounts				
Financial assets at FVTOCI	**(32,611)**	**(8,153)**	(9,985)	(2,496)
Financial instruments at FVTPL	**(9,597)**	**(2,399)**	(1,904)	(476)
Right-of-use assets	**(12,575)**	**(3,142)**	(12,317)	(3,133)
Other	**(22,188)**	**(3,379)**	(19,476)	(3,246)
Total	**(76,971)**	**(17,073)**	(43,682)	(9,351)

	2024	2023
Deferred tax assets before offsetting qualifying amounts	**99,155**	98,301
Offsetting amounts	**(15,481)**	(7,744)
Deferred tax assets after offsetting qualifying amounts	**83,674**	90,557
Deferred tax liabilities before offsetting qualifying amounts	**(17,073)**	(9,351)
Offsetting amounts	**15,481**	7,744
Deferred tax liabilities after offsetting qualifying amounts	**(1,592)**	(1,607)

32. Deferred tax assets and deferred tax liabilities *(continued)*

(b) Movements of deferred tax

	Impairment allowances on loans and advances to customers and other assets at amortised cost	Financial assets at FVTOCI	Financial instruments at FVTPL	Other	Total
At 1 January 2024	74,251	(2,232)	(363)	17,294	88,950
Recognised in profit or loss	(808)	1,004	(1,828)	1,468	(164)
Recognised in other comprehensive income	–	(6,704)	–	4	(6,700)
Exchange difference	26	12	1	(43)	(4)
At 31 December 2024	73,469	(7,920)	(2,190)	18,723	82,082

	Impairment allowances on loans and advances to customers and other assets at amortised cost	Financial assets at FVTOCI	Financial instruments at FVTPL	Other	Total
At 1 January 2023	75,278	(1,012)	237	14,835	89,338
Recognised in profit or loss	(1,045)	(730)	(592)	2,450	83
Recognised in other comprehensive income	–	(493)	–	9	(484)
Exchange difference	18	3	(8)	–	13
At 31 December 2023	74,251	(2,232)	(363)	17,294	88,950

Note: No deferred tax liability has been recognised in respect of temporary differences associated with investments in subsidiaries because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not be reversed in the foreseeable future.

33. Other assets

	2024	2023
Amounts pending for settlement	**14,206**	13,842
Continuing involvement assets	**5,274**	5,274
Accrued interest	**4,662**	4,526
Prepaid lease payments	**482**	203
Repossessed assets (a)	**383**	417
Guarantee deposits	**629**	563
Prepayment for leasehold improvement and other miscellaneous items	**6,617**	7,436
Post-employment benefits: defined benefit plan (note 39(b))	**71**	50
Other	**23,989**	21,573
Total	**56,313**	53,884

(a) Repossessed assets

	2024	2023
Land and buildings	**506**	551
Other repossessed assets	**5**	5
Total	**511**	556
Less: Impairment allowances	**(128)**	(139)
Net repossessed assets	**383**	417

Note: In 2024, the Group disposed of repossessed assets with a total carrying value of RMB52 million (2023: RMB56 million).

34. Deposits from banks and other financial institutions

	2024	2023
Principal (a)	**699,306**	507,460
Accrued interest	**669**	918
Total	**699,975**	508,378

(a) Analysed by nature of counterparties

	2024	2023
In the mainland China	**697,014**	496,795
– Banks	**37,744**	32,286
– Other financial institutions	**659,270**	464,509
Outside the mainland China	**2,292**	10,665
– Banks	**1,157**	9,884
– Other financial institutions	**1,135**	781
Total	**699,306**	507,460

35. Placements from banks and other financial institutions

	2024	2023
Principal (a)	234,453	246,085
Accrued interest	923	1,214
Total	235,376	247,299

(a) Analysed by nature of counterparties

	2024	2023
In the mainland China	153,837	157,360
– Banks	150,562	155,595
– Other financial institutions	3,275	1,765
Outside the mainland China	80,616	88,725
– Banks	80,397	88,512
– Other financial institutions	219	213
Total	234,453	246,085

36. Financial liabilities at fair value through profit or loss

	2024	2023
Financial liabilities held for trading (a)	29,146	16,128
Financial liabilities designated at fair value through profit or loss (b)	38,315	27,830
Total	67,461	43,958

(a) Financial liabilities held for trading

	2024	2023
Financial liabilities related to precious metal	28,757	15,748
Short position on bonds	389	380
Total	29,146	16,128

(b) Financial liabilities designated at fair value through profit or loss

	2024	2023
In the mainland China	32,489	21,865
– Other	32,489	21,865
Outside the mainland China	5,826	5,965
– Certificates of deposit issued	–	212
– Debt securities issued	5,567	5,179
– Other	259	574
Total	38,315	27,830

As at 31 December 2024 and 2023, the difference between the fair values of the Group's financial liabilities designated at fair value through profit or loss and the contractual payable amount at maturity is not significant. The amounts of changes in the fair value of these liabilities that are attributable to changes in credit risk of the Group are not significant during the years ended 31 December 2024 and 2023 and as at 31 December 2024 and 2023.

37. Amounts sold under repurchase agreements

	2024	2023
Principal (a)(b)	83,747	134,863
Accrued interest	295	215
Total	84,042	135,078

(a) Analysed by nature of counterparties

	2024	2023
In the mainland China	60,182	117,668
– Banks	56,941	108,366
– Other financial institutions	3,241	9,302
Outside the mainland China	23,565	17,195
– Banks	11,759	10,316
– Other financial institutions	11,806	6,879
Total	83,747	134,863

(b) Analysed by underlying assets

	2024	2023
Debt securities	83,747	117,032
– Government bonds	57,326	84,438
– Bonds issued by policy banks	8,530	17,266
– Bonds issued by commercial banks and other financial institutions	11,128	6,592
– Other debt securities	6,763	8,736
Discounted bills	–	17,831
Total	83,747	134,863

38. Deposits from customers

	2024	2023
Principal (a)	**9,096,587**	8,155,438
Accrued interest	**98,742**	85,060
Total	**9,195,329**	8,240,498

(a) Analysed by nature of counterparties

	2024	2023
Corporate customers	**5,063,553**	4,660,522
– Demand deposits	**2,772,365**	2,644,685
– Time deposits	**2,291,188**	2,015,837
Retail customers	**4,033,034**	3,494,916
– Demand deposits	**1,980,251**	1,829,612
– Time deposits	**2,052,783**	1,665,304
Total	**9,096,587**	8,155,438

(b) The deposits taken from customers as collateral or for the purpose of guarantees are as follows:

	2024	2023
Guarantee for acceptance bills	**283,883**	240,613
Guarantee for loans	**12,086**	10,792
Guarantee for issuing letters of credit	**27,385**	23,843
Deposit for letters of guarantee	**53,126**	47,694
Other	**21,087**	27,788
Total	**397,567**	350,730

39. Staff welfare scheme

(a) Salaries and welfare payable

	2024			
	Beginning balance	Charge/ (Decrease) for the year	Payment/ transfers in the year	Ending balance
Short-term employee benefits (i)	**28,314**	**62,029**	**(55,979)**	**34,364**
Post-employment benefits – defined contribution plans (ii)	**361**	**6,059**	**(6,272)**	**148**
Other long-term employee benefits (iii)				
– cash settled share-based transactions	**4**	**–**	**(4)**	**–**
Total	**28,679**	**68,088**	**(62,255)**	**34,512**

	2023				
	Beginning balance	Charge/ (Decrease) for the year	Payment/ transfers in the year	Decrease for the year arising from disposal of subsidiaries	Ending balance
Short-term employee benefits (i)	23,075	61,371	(56,099)	(33)	28,314
Post-employment benefits – defined contribution plans (ii)	765	5,540	(5,944)	–	361
Other long-term employee benefits (iii)					
– cash settled share-based transactions	26	(18)	(4)	–	4
Total	23,866	66,893	(62,047)	(33)	28,679

39. Staff welfare scheme *(continued)*

(a) Salaries and welfare payable *(continued)*

(i) Short-term employee benefits

	2024			
	Beginning balance	Charge for the year	Payment/ transfers in the year	Ending balance
Salaries and bonus	23,592	52,627	(47,381)	28,838
Welfare expense	15	2,389	(2,350)	54
Social insurance	362	1,954	(1,974)	342
– Medical insurance	345	1,812	(1,830)	327
– Injury insurance	6	50	(51)	5
– Maternity insurance	11	92	(93)	10
Housing reserve	141	2,940	(3,030)	51
Labour union and employee education expenses	4,204	2,119	(1,244)	5,079
Total	28,314	62,029	(55,979)	34,364

	2023				
	Beginning balance	Charge for the year	Payment/ transfers in the year	Decrease for the year arising from disposal of subsidiaries	Ending balance
Salaries and bonus	18,888	52,040	(47,303)	(33)	23,592
Welfare expense	17	2,883	(2,885)	–	15
Social insurance	371	1,809	(1,818)	–	362
– Medical insurance	353	1,679	(1,687)	–	345
– Injury insurance	6	41	(41)	–	6
– Maternity insurance	12	89	(90)	–	11
Housing reserve	157	2,602	(2,618)	–	141
Labour union and employee education expenses	3,642	2,037	(1,475)	–	4,204
Total	23,075	61,371	(56,099)	(33)	28,314

39. Staff welfare scheme *(continued)*

(a) Salaries and welfare payable *(continued)*

(ii) Post-employment benefits-defined contribution plans

	2024			
	Beginning balance	Charge for the year	Payment/ transfers in the year	Ending balance
Basic retirement insurance	179	3,519	(3,629)	69
Supplementary pension	161	2,430	(2,525)	66
Unemployment insurance	21	110	(118)	13
Total	361	6,059	(6,272)	148

	2023			
	Beginning balance	Charge for the year	Payment/ transfers in the year	Ending balance
Basic retirement insurance	151	3,465	(3,437)	179
Supplementary pension	591	1,996	(2,426)	161
Unemployment insurance	23	79	(81)	21
Total	765	5,540	(5,944)	361

In accordance with the regulations in the PRC, the Group participates in statutory pension schemes organised by the municipal and provincial governments for its all employees (endowment insurance). During the year ended 31 December 2024, the Group's contributions to these pension schemes are determined by local governments and vary at a range of 14% to 16% (2023: 14% to 16%) of the staff salaries and bonuses.

In addition to the above statutory pension schemes, the Group has established a supplementary defined contribution plan for its employees (annuity insurance) in accordance with relevant annuity policies for corporate entities in the PRC. During the year ended 31 December 2024, the Group's annual contributions to this plan are calculated at a rate not exceeding 8% of the staff salaries and bonuses (2023: not exceeding 8.33%).

For its employees outside the mainland China, the Group participates in defined contribution retirement schemes at funding rates determined in accordance with the local practices and regulations.

39. Staff welfare scheme *(continued)*

(a) Salaries and welfare payable *(continued)*

(iii) Other long-term employee benefits

The Group has offered 10 phases of H share appreciation rights under the Scheme. After Forfeiting 0.45 million shares this year, as of 31 December 2024, the unexercised portion of H share appreciation rights is zero (31 December 2023: unexercised 0.45 million shares).

The number of share appreciation rights granted:

	2024			
	Phase IX (in thousands)	Phase X (in thousands)	Total (in thousands)	Accumulated Exercised/ Forfeited (in thousands)
Wang Liang	–	–	–	810
Total	–	–	–	810

	2023			
	Phase IX (in thousands)	Phase X (in thousands)	Total (in thousands)	Accumulated Exercised/ Forfeited (in thousands)
Wang Liang	210	240	450	360
Total	210	240	450	360

Note: In 2024, senior management had exercised none shares of appreciation rights (2023: 0.16 million) and none weighted average exercise price (2023: HKD12.81).

39. Staff welfare scheme *(continued)*

(b) Post-employment benefits – defined benefit plan

The Group's subsidiary CMB WLB operates a defined benefit plan (the "plan") for the staff, which includes a defined benefit scheme and a defined benefit pension scheme. Contributions to the plan are determined based on periodic valuations by qualified actuaries on the assets and liabilities of the plan. The plan provides benefits based on members' final salary. The costs are solely funded by CMB WLB.

The latest actuarial valuation of the plan as at 31 December 2024 was performed by Towers Watson Hong Kong Limited, a professional actuarial firm in accordance with IAS 19 *Employee Benefits*. The present values of the defined benefit obligation and current service cost of the plan are calculated based on the projected unit credit method. At the valuation date, the plan had a funding level of 133% (2023: 123%).

The amounts recognised in the consolidated statement of financial position as at 31 December 2024 and 2023 are analysed as follows:

	2024	2023
Fair value of the plan assets	**283**	267
Present value of the funded defined benefit obligation	**(212)**	(217)
Net asset recognised in the consolidated statement of financial position	**71**	50

A portion of the above asset is expected to be recovered after more than one year. However, it is not practicable to segregate this amount from the amounts receivable in the next twelve months, as future contributions will also relate to future services rendered and future changes in actuarial assumptions and market conditions. No contribution to the plan is expected to be paid in 2025.

There was no plan amendment, curtailment or settlement impact for the years ended 31 December 2024 and 2023.

The amounts recognised in the consolidated statement of profit or loss are as follows:

	2024	2023
Current service cost	**(7)**	(8)
Net interest income	**1**	1
Net expense for the year included in retirement benefit costs	**(6)**	(7)

The actual gain on the plan assets for the year ended 31 December 2024 was RMB24 million (2023: gain of RMB9 million).

The movements in the defined benefit obligation during the year are as follows:

	2024	2023
Present value of obligation at 1 January	**217**	235
Current service cost	**7**	8
Interest cost	**7**	8
Actual benefits paid	**(18)**	(33)
Actuarial gains or losses due to liability experience	**12**	(1)
Actuarial gains or losses due to financial assumption changes	**(20)**	(4)
Actuarial gains or losses due to demographic assumption changes	**–**	–
Exchange difference	**7**	4
Actual obligation at 31 December	**212**	217

The movements in the fair value of the plan assets during the year are as follows:

	2024	2023
Fair value of the plan assets at 1 January	**267**	285
Interest income	**8**	9
Expected return on plan assets	**16**	–
Actual benefits paid	**(18)**	(33)
Exchange difference	**10**	6
Fair value of the plan assets at 31 December	**283**	267

39. Staff welfare scheme *(continued)*

(b) Post-employment benefits – defined benefit plan *(continued)*

The major categories of the plan assets are as follows:

	2024		2023	
	Amount	%	Amount	%
Equities	**155**	**54.8**	145	54.3
Bonds	**56**	**19.8**	52	19.5
Cash	**72**	**25.4**	70	26.2
Total	**283**	**100.0**	267	100.0

As at 31 December 2024, deposit with the Bank included in the amount of the plan assets was RMB63 million (2023: RMB61 million).

The principal actuarial assumptions adopted in the valuation are as follows:

	2024 %	2023 %
Discount rate		
– Defined benefit scheme	**3.1**	3.1
– Defined benefit pension scheme	**3.7**	4.1
Long-term average rate of salary increase for the plan	**3.0**	4.5
Pension increase rate for the defined benefit pension plan	**–**	–

In 2024 and 2023, there were no significant change in the amount of retirement benefit plan liabilities due to changes in the above-mentioned actuarial assumptions.

40. Tax payable

	2024	2023
Corporate income tax	**5,680**	7,301
Value added tax	**3,963**	4,035
Other	**2,070**	2,261
Total	**11,713**	13,597

41. Contract liabilities

	2024	2023
Credit card points	**2,838**	4,132
Other deferred fee and commission income	**1,355**	1,354
Total	**4,193**	5,486

42. Provisions

	2024	2023
Expected credit loss on provisions	**14,712**	17,404
Other	**2,050**	2,258
Total	**16,762**	19,662

The expected credit loss for loan commitments and financial guarantee contracts by stages are as follows:

	2024	2023
Stage 1 (12-month ECL)	**12,560**	15,200
Stage 2 (Lifetime ECL-not credit-impaired)	**1,338**	1,341
Stage 3 (Lifetime ECL-credit-impaired)	**814**	863
Total	**14,712**	17,404

43. Debt securities issued

	Notes	2024	2023
Debt securities issued	(a)	**85,003**	119,193
Negotiable interbank certificates of deposit issued		**89,186**	21,443
Certificates of deposit and other debt securities issued (note)		**47,394**	34,128
Accrued interest		**1,338**	1,814
Total		**222,921**	176,578

Note: Other debt securities issued are notes issued by overseas subsidiaries of the Bank.

(a) Debt securities issued

As at the end of the reporting period, debt securities issued by the Bank were as follows:

Debt type	Term to maturity	Date of issuance	Annual interest rate (%)	Nominal value (in million)	Beginning balance (RMB in million)	Issue during the year (RMB in million)	Discount or premium amortisation (RMB in million)	Exchange difference (RMB in million)	Repayment during the year (RMB in million)	Ending balance (RMB in million)
Fixed rate bond	36 months	2021/3/11	3.40	RMB10,000	9,999	–	1	–	(10,000)	–
Fixed rate bond	36 months	2021/6/3	3.18	RMB20,000	19,997	–	3	–	(20,000)	–
Fixed rate bond	36 months	2021/8/24	2.90	RMB10,000	9,998	–	2	–	(10,000)	–
Medium term note	60 months	2021/9/1	1.25	USD300	2,130	–	(3)	68	–	2,195
Medium term note	36 months	2022/3/2	2.00	USD400	2,847	–	(1)	92	–	2,938
Fixed rate bond	36 months	2022/5/11	2.65	RMB5,000	4,999	–	1	–	–	5,000
Fixed rate bond	36 months	2022/9/1	2.40	RMB10,000	9,998	–	1	–	–	9,999
Fixed rate bond	36 months	2023/3/27	2.77	RMB5,000	4,999	–	–	–	–	4,999
Medium term note	36 months	2023/6/13	SOFR+0.65	USD400	2,846	–	–	81	–	2,927
Fixed rate bond	36 months	2024/3/22	2.35	RMB5,000	–	5,000	(1)	–	–	4,999
Medium term note	36 months	2024/7/10	5.22	USD400	–	2,851	–	104	–	2,955
Medium term note	36 months	2024/7/15	5.78	USD300	–	2,139	(3)	76	–	2,212
Total					67,813	9,990	–	421	(40,000)	38,224

SOFR represents Secured Overnight Financing Rate.

Note: Financial bonds issued by the Bank that were held by CMB WLB amounted to a total of 364 million RMB equivalent as of 31 December 2024 (31 December 2023: 354 million RMB equivalent).

43. Debt securities issued *(continued)*

(a) Debt securities issued *(continued)*

As at the end of the reporting period, debt securities issued by CMBFL and its subsidiary were as follows:

Debt type	Term to maturity	Date of issuance	Annual interest rate (%)	Nominal value (in million)	Beginning balance (RMB in million)	Issue during the year (RMB in million)	Discount or premium amortisation (RMB in million)	Exchange difference (RMB in million)	Repayment during the year (RMB in million)	Ending balance (RMB in million)
Fixed rate bond	60 months	2019/3/13	4.00	RMB500	500	–	–	–	(500)	–
Fixed rate bond	60 months	2019/7/3	3.00	USD900	6,382	–	6	30	(6,418)	–
Fixed rate bond	120 months	2019/7/3	3.63	USD100	706	–	1	9	–	716
Fixed rate bond	120 months	2020/7/14	4.25	RMB2,000	1,995	–	–	–	–	1,995
Fixed rate bond	60 months	2020/8/12	1.88	USD800	5,670	–	5	73	–	5,748
Fixed rate bond	120 months	2020/8/12	2.75	USD400	2,821	–	3	36	–	2,860
Fixed rate bond	36 months	2021/1/26	3.60	RMB4,000	4,000	–	–	–	(4,000)	–
Fixed rate bond	60 months	2021/2/4	2.00	USD400	2,834	–	2	37	–	2,873
Fixed rate bond	120 months	2021/2/4	2.88	USD400	2,815	–	3	37	–	2,855
Fixed rate bond	36 months	2021/3/22	3.58	RMB2,000	2,000	–	–	–	(2,000)	–
Fixed rate bond	60 months	2021/3/24	2.00	USD20	141	–	–	2	–	143
Fixed rate bond	36 months	2021/9/16	1.25	USD600	4,255	–	4	3	(4,262)	–
Fixed rate bond	60 months	2021/9/16	1.75	USD300	2,120	–	4	27	–	2,151
Fixed rate bond	36 months	2021/9/16	0.50	EUR100	789	–	–	(2)	(787)	–
Floating rate bond	60 months	2022/12/16	SOFR+1.40	USD100	709	–	–	10	–	719
Fixed rate bond	24 months	2023/2/17	3.50	RMB500	499	–	1	–	–	500
Floating rate bond	12 months	2023/2/28	SOFR+0.75	USD60	426	–	–	–	(426)	–
Floating rate bond	24 months	2023/5/31	SOFR+1.00	USD75	532	–	–	7	–	539
Floating rate bond	36 months	2023/6/13	SOFR+1.05	USD103	729	–	1	9	–	739
Fixed rate bond	18 months	2023/7/10	3.05	RMB700	700	–	–	–	–	700
Floating rate bond	24 months	2023/8/16	SOFR+0.95	USD100	708	–	1	10	–	719
Floating rate bond	60 months	2023/8/18	SOFR+1.30	USD50	353	–	–	5	–	358
Floating rate bond	36 months	2023/8/23	SOFR+1.00	USD300	2,122	–	3	27	–	2,152
Floating rate bond	24 months	2023/8/25	SOFR+0.95	USD100	709	–	1	8	–	718
Floating rate bond	6 months	2023/10/27	SOFR+0.70	USD20	142	–	–	–	(142)	–
Floating rate bond	12 months	2023/10/27	SOFR+0.75	USD22	156	–	–	–	(156)	–
Fixed rate bond	36 months	2023/11/16	2.80	RMB2,500	2,494	–	2	–	–	2,496
Fixed rate bond	36 months	2023/11/27	3.35	RMB350	348	–	1	–	–	349
Floating rate bond	36 months	2023/11/30	SOFR+1.10	USD50	355	–	–	4	–	359
Fixed rate bond	36 months	2023/12/5	2.90	RMB4,000	3,990	–	4	–	–	3,994
Fixed rate bond	36 months	2024/3/5	2.45	RMB3,000	–	3,000	(5)	–	–	2,995
Floating rate bond	36 months	2024/3/12	SOFR+1.05	USD40	–	284	–	4	–	288
Floating rate bond	36 months	2024/3/27	SOFR+1.00	USD67	–	475	–	6	–	481
Floating rate bond	6 months	2024/3/28	SOFR+0.65	USD20	–	142	–	(2)	(140)	–
Floating rate bond	12 months	2024/4/16	SOFR+0.64	USD20	–	142	–	2	–	144
Floating rate bond	12 months	2024/4/22	SOFR+0.65	USD30	–	213	–	3	–	216
Fixed rate bond	36 months	2024/5/23	2.20	RMB2,500	–	2,500	(5)	–	–	2,495
Floating rate bond	36 months	2024/6/4	SOFR+0.76	USD500	–	3,554	2	32	–	3,588
Floating rate bond	34 months	2024/8/7	SOFR+0.76	USD257	–	1,835	2	12	–	1,849
Floating rate bond	36 months	2024/10/8	SOFR+0.76	USD30	–	212	–	4	–	216
Floating rate bond	48 months	2024/10/25	SOFR+0.639	USD30	–	213	–	3	–	216
Floating rate bond	12 months	2024/11/20	SOFR+0.45	USD50	–	360	–	(1)	–	359
Floating rate bond	12 months	2024/11/27	SOFR+0.49	USD100	–	720	–	(1)	–	719
Floating rate bond	12 months	2024/12/17	SOFR+0.49	USD30	–	216	–	–	–	216
Total					52,000	13,866	36	394	(18,831)	47,465

Note: Financial bonds issued by CMBFL that were held by the Bank amounted to nil as of 31 December 2024 (31 December 2023: 600 million RMB equivalent). Financial bonds issued by CMB International Leasing Management Limited (CMBILM), a wholly-owned subsidiary of CMBFL, that were separately held by the Bank, CMB WLB and CMBIC amounted to a total of 1,533 million RMB equivalent, 236 million RMB equivalent and nil as of 31 December 2024 (31 December 2023: 3,212 million RMB equivalent, 563 million RMB equivalent and 70 million RMB equivalent).

43. Debt securities issued *(continued)*

(a) Debt securities issued *(continued)*

As at the end of the reporting period, debt securities issued by CMBIC's subsidiary was as follows:

Debt type	Term to maturity	Date of issuance	Annual interest rate (%)	Nominal value (in million)	Beginning balance (RMB in million)	Issue during the year (RMB in million)	Discount or premium amortisation (RMB in million)	Exchange difference (RMB in million)	Repayment during the year (RMB in million)	Ending balance (RMB in million)
Fixed rate bond	36 months	2021/6/2	1.38	USD600	4,254	–	–	11	(4,265)	–
Fixed rate bond	24 months	2024/4/29	3.15	RMB720	–	720	(1)	–	–	719
Floating rate bond	36 months	2024/6/26	SOFR+0.65	USD100	–	712	–	16	–	728
Total					4,254	1,432	(1)	27	(4,265)	1,447

Note: Financial bond issued by Legend Fortune Limited, a wholly-owned subsidiary of CMBIC, that was held by CMB WLB amounted to nil as of 31 December 2024 (31 December 2023: 75 million RMB equivalent).

44. Other liabilities

	2024	2023
Clearing and settlement accounts	**15,151**	20,845
Salary risk allowances (note)	**48,950**	48,950
Continuing involvement liability	**5,274**	5,274
Collecting on behalf of customers	**885**	665
Cheques and remittances returned	**7**	7
Other payable	**40,123**	37,454
Total	**110,390**	113,195

Note: Salary risk allowances are specific funds withheld from the employees' annual remunerations of which the payments are delayed for the purpose of risk management. The allocation of the funds is based on performance assessment and risk management results, taking into account the short term and long term benefit. In the event of a decline in the asset quality, a sharp deterioration of risk profiles and profitability, the occurrence of legal case, or a significant regulatory violation identified by any regulatory authorities, the relevant employees will be restricted from the allocation of these allowances.

45. Share capital

By type of shares:

	2024 and 2023 No. of shares (in million)
– A Shares	20,629
– H Shares	4,591
Total	25,220

All H Shares are ordinary shares and rank pari passu with the A Shares. There is no restriction on these shares.

	Capital	
	No. of shares (in million)	Amount (in million)
At 31 December 2024 and 2023	25,220	25,220

46. Other equity instruments

(a) Preference shares

	Issuance date	Accounting classification	Dividend rate	Issue price	No. (millions of shares)	Amount (RMB in million)	Due date	Conversion conditions	Conversion
Domestic Preference Shares (note (i))	22 Dec 2017	Equity instruments	3.62%	RMB100/Share	275	27,468	Perpetual existence	Note (ii)	None
Total					275	27,468			

The changes of Preference Shares issued were as follows:

		1 January 2024		Increase/decrease		31 December 2024	
	Issuance date	No. (millions of shares)	Amount (RMB in million)	No. (millions of shares)	Amount (RMB in million)	No. (millions of shares)	Amount (RMB in million)
Domestic Preference Shares (note (i))	22 Dec 2017	275	27,468	–	–	275	27,468
Total		275	27,468	–	–	275	27,468

Notes:

(i) Pursuant to the approvals by the relevant regulatory authorities in China, the Bank issued non-cumulative Domestic Preference Shares in the aggregate nominal value of RMB27,500 million on 22 December 2017. Each Domestic Preference Share has a nominal value of RMB100 and 275 million Domestic Preference Shares were issued in total. The dividend rate is initially at 4.81% and subject to reset per agreement subsequently, but not exceeds 16.68%. On 18 December 2022, five years after the issuance of the Domestic Preference Shares, the Bank adjusted the dividend rate per annum to 3.62% in accordance with market rules.

(ii) Domestic Preference Shares have clauses that state certain events would trigger mandatory conversion, those clauses are as follows:

(1) Upon the occurrence of any additional Tier-1 Capital Instrument Trigger Event, that is, the Core Tier-1 Capital Adequacy Ratio drops to 5.125% or below, the Bank shall have the right to convert, without the consent of the holders of Preference Shares, all or part of the Preference Shares then issued and outstanding into Ordinary A Shares based on the total nominal value of the Preference Shares in order to restore the Core Tier-1 Capital Adequacy Ratio of the Bank to above 5.125%. In the case of partial conversion, the Preference Shares shall be converted on a pro rata basis and on identical conditions.

(2) Upon the occurrence of a Tier-2 Capital Trigger Event, the Bank shall have the right to convert, without the consent of the holders of Preference Shares, all or part of the Preference Shares then issued and outstanding into Ordinary A Shares based on the total nominal value of the Preference Shares. A Tier-2 Capital Trigger Event refers the earlier of the following events: 1) NFRA having concluded that without a conversion or write-off, the Bank would become non-viable, and 2) the relevant authorities having concluded that without a public sector injection of capital or equivalent support, the Bank would become non-viable.

Upon the occurrence of the above mandatory conversion events, the Bank shall report to the NFRA for review and determination. The Bank shall fulfill the relevant information disclosure requirements of the Securities Law, the CSRC and Hong Kong's relevant laws and regulations such as making provisional reports or announcements in accordance with relevant regulatory requirements.

Dividends on the Domestic Preference Shares shall be paid in cash. Save for such dividend at the agreed dividend rate, the holders of the above Preference Shares are not entitled to share the remaining profits of the Bank with the ordinary shareholders. Dividend is non-cumulative. The Bank has the right to cancel any dividend on Preference Shares, and such cancellation shall not be deemed as a default. After the cancellation of all or part of the dividend to preference shareholders, the Bank shall not make any ordinary shares distribution, until the Preference Shares dividend is resumed in full. As the dividends on the Domestic Preference Shares are non-cumulative, the Bank will not distribute the dividends that were cancelled in prior years to Preference Shares holders.

The Domestic Preference Shares have no maturity date. However, after the fifth anniversary of the issuance date, subject to the satisfaction of the redemption conditions and having obtained the prior approval of the NFRA, the Domestic Preference Shares may be redeemed in whole or in part at the discretion of the Bank, but the Bank does not have the obligation to redeem the Preference Shares. The holders of Preference Shares do not have the right to demand the Bank to redeem the Preference Shares and shall not expect that Preference Shares will be redeemed.

After deducting the issuance expenses from the Preference Shares above, the total net proceeds of RMB27,468 million have been included in additional Tier 1 capital of the Bank.

46. Other equity instruments *(continued)*

(b) Perpetual bonds

	Issuance date	Accounting classification	Interest rate	Issue price	No. (millions of units)	Amount (RMB in million)	Due date	Conversion conditions	Conversion
Domestic Perpetual Bonds (note (i))	9 Jul 2020	Equity instruments	3.95%	RMB 100/Unit	500	49,989	Perpetual existence	None	None
Domestic Perpetual Bonds (note (ii))	7 Dec 2021	Equity instruments	3.69%	RMB 100/Unit	430	42,989	Perpetual existence	None	None
Domestic Perpetual Bonds (note (iii))	1 Dec 2023	Equity instruments	3.41%	RMB 100/Unit	300	30,000	Perpetual existence	None	None
Domestic Perpetual Bonds (note (iv))	5 Nov 2024	Equity instruments	2.42%	RMB 100/Unit	300	30,000	Perpetual existence	None	None
Total					1,530	152,978			

The movement of Perpetual Bonds issued were as follows:

		1 January 2024		Increase		31 December 2024	
	Issuance date	No. (millions of units)	Amount (RMB in million)	No. (millions of units)	Amount (RMB in million)	**No. (millions of units)**	**Amount (RMB in million)**
Domestic Perpetual Bonds (note (i))	9 Jul 2020	500	49,989	–	–	**500**	**49,989**
Domestic Perpetual Bonds (note (ii))	7 Dec 2021	430	42,989	–	–	**430**	**42,989**
Domestic Perpetual Bonds (note (iii))	1 Dec 2023	300	30,000	–	–	**300**	**30,000**
Domestic Perpetual Bonds (note (iv))	5 Nov 2024	–	–	300	30,000	**300**	**30,000**
Total		1,230	122,978	300	30,000	**1,530**	**152,978**

Notes:

(i) With the approval of the relevant regulatory authorities in China, the Bank issued RMB50,000 million of 2020 China Merchants Bank Co., Ltd. Undated Additional Tier-1 Capital Bonds (Series 1) (the "Perpetual Bonds 2020") in the national inter-bank bond market on 9 July 2020. The unit face value is RMB100. The coupon rate adjusted period is every 5 years from the issuance of the Perpetual Bonds 2020. In any coupon rate adjusted period, the coupon rate of the Perpetual Bonds will remain at a prescribed fixed rate. The Perpetual Bonds 2020 will continue to be outstanding so long as the Bank continues to operate.

(ii) With the approval of the relevant regulatory authorities in China, the Bank issued RMB43,000 million of 2021 China Merchants Bank Co., Ltd. Undated Additional Tier-1 Capital Bonds (the "Perpetual Bonds 2021") in the national inter-bank bond market on 7 December 2021. The unit face value is RMB100. The coupon rate adjusted period is every 5 years from the issuance of the Perpetual Bonds 2021. In any coupon rate adjusted period, the coupon rate of the Perpetual Bonds will remain at a prescribed fixed rate. The Perpetual Bonds 2021 will continue to be outstanding so long as the Bank continues to operate.

(iii) With the approval of the relevant regulatory authorities in China, the Bank issued RMB30,000 million of 2023 China Merchants Bank Co., Ltd. Undated Additional Tier-1 Capital Bonds (the "Perpetual Bonds 2023) in the national inter-bank bond market on 1 December 2023. The unit face value is RMB100. The coupon rate adjusted period is every 5 years from the issuance of the Perpetual Bonds 2023. In any coupon rate adjusted period, the coupon rate of the Perpetual Bonds will remain at a prescribed fixed rate. The Perpetual Bonds 2023 will continue to be outstanding so long as the Bank continues to operate.

(iv) With the approval of the relevant regulatory authorities in China, the Bank issued RMB30,000 million of 2024 China Merchants Bank Co., Ltd. Undated Additional Tier-1 Capital Bonds (Bond Connect) (the "Perpetual Bonds 2024, together with Perpetual Bonds 2020, Perpetual Bonds 2021 and Perpetual Bonds 2023, Perpetual Bonds") in the national inter-bank bond market on 5 November 2024. The unit face value is RMB100. The coupon rate adjusted period is every 5 years from the issuance of the Perpetual Bonds 2024. In any coupon rate adjusted period, the coupon rate of the Perpetual Bonds will remain at a prescribed fixed rate. The Perpetual Bonds 2024 will continue to be outstanding so long as the Bank continues to operate.

From the fifth anniversary since the issuance of the Perpetual Bonds, the Bank has the right to redeem in whole or in part the Perpetual Bonds on the annual interest payment date (including the interest payment date on the fifth year since the issuance date) subject to the approval of the NFRA and the satisfaction of the redemption preconditions. If, after the issuance, the Perpetual Bonds no longer qualify as additional Tier 1 capital as a result of an unforeseeable change to relevant provisions of supervisory regulation, the Bank has the right to redeem the whole but not part of the Perpetual Bonds. The investors do not have the right to sell back the Perpetual Bonds to the Bank.

The claims in respect of the Perpetual Bonds will be subordinated to the claims of depositors, general creditors, and subordinated debts that rank senior to the Perpetual Bonds, and 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 Perpetual Bonds.

The coupon rate will be reset on each benchmark rate reset date (i.e. the date of every five years from the issuance date). The adjusted coupon rate will be determined based on the benchmark interest rate at adjustment date plus the fixed spread as determined at the time of issuance. The Perpetual Bonds do not contain interest rate step-up mechanism or any other redemption incentives. The Bank has the right to cancel, in whole or in part, distributions on the Perpetual Bonds and any such cancellation will not constitute an event of default. The bond interests are non-cumulative, and any cancelled distribution is not carried to the following year. The Bank will fully consider the interests of bondholders when exercising this right. The Bank can use the cancelled bond interest for the current period at its discretion to repay other due debts. Cancellation of any distributions to the Perpetual Bonds, no matter in whole or in part, will not impose any other restriction on the Bank, except in relation to dividend distributions to ordinary shares.

46. Other equity instruments *(continued)*

(b) Perpetual bonds *(continued)*

Notes: *(continued)*

Upon the occurrence of a Non-Viability Trigger Event, the Bank has the right to write off in whole or in part, without the need for the consent of the bond holders, the principal amount of the Perpetual Bonds. A Non-Viability Trigger Event refers to the earlier of the following events: (i) NFRA having concluded that without a write-off, the Bank would become non-viable; (ii) the relevant authorities having concluded that without a public sector injection of capital or equivalent support, the Bank would become non-viable. The write-off will not be restored.

After deducting the issuance expenses, the funds raised by the bonds issuances have been used to supplement additional Tier 1 capital of the Bank in accordance with applicable laws and the approval of the relevant authorities.

(c) Relative information attributed to equity instrument holders

	2024	2023
Equity attributed to shareholders of the Bank	**1,226,014**	1,076,370
– Equity attributed to ordinary shareholders of the Bank	**1,045,568**	925,924
– Equity attributed to other equity instrument holders of the Bank	**180,446**	150,446
Including: Net profit	**5,581**	4,558
Total comprehensive income	**5,581**	4,558
Distributions in current year	**(5,581)**	(4,558)
Cumulative undistributed dividends	**–**	–
Equity attributed to non-controlling interests	**7,461**	9,359
– Equity attributed to non-controlling holders of ordinary shares	**7,461**	6,521
– Equity attributed to non-controlling holders of perpetual debt capital (note 62(a))	**–**	2,838

47. Capital Reserve

Capital reserve primarily represents share premium of the Bank.

	2024	2023
At 1 January	**65,432**	65,435
Decrease	**(3)**	(3)
At 31 December	**65,429**	65,432

48. Investment Revaluation Reserve

	2024	2023
Debt instruments measured at FVTOCI: investment revaluation reserve	**29,946**	10,596
Fair value gain on equity instruments designated at FVTOCI	**5,916**	3,009
Remeasurement of defined benefit scheme	**102**	82
Share of other comprehensive expense of equity-accounted investees	**2,421**	(31)
Total	**38,385**	13,656

49. Hedging Reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges. Subsequent recognition of the hedged cash flow is accounted for in accordance with the accounting policy adopted for cash flow hedge in Note 4(5).

50. Surplus reserve

Statutory surplus reserve is calculated according to the requirements of the Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance ("MOF") and is provided at 10% of the audited profit after tax of the Bank.

	2024	2023
At 1 January	108,737	94,985
Appropriation for the year	13,915	13,752
At 31 December	122,652	108,737

51. General reserve

The general reserve is an integral part of equity. According to the relevant regulations, in addition to the impairment allowances, the Bank maintains a general reserve to make up for unidentified potential losses. The balance of general reserve includes 1.5% of the ending balance of risk assets, country risk provisions allocated as required by regulations for country risk exposures with medium, high, and very high country risk ratings and 2.5% of the income of mutual fund custody businesses. The general reserve of the Group also includes the general reserve maintained by the subsidiaries of the Group according to the applicable laws and regulations of their industry or region.

	2024	2023
At 1 January	141,481	132,471
Appropriation for the year	13,451	9,010
At 31 December	154,932	141,481

52. Profit appropriations

(a) Dividends approved/declared by shareholders

	2024	2023
Ordinary share dividends in 2023, approved and declared: RMB1.972 per share	49,734	–
Ordinary share dividends in 2022, approved and declared: RMB1.738 per share	–	43,832

(b) Proposed profit appropriations

	2024	2023
Statutory surplus reserve	13,915	13,752
General reserve	13,451	9,010
Dividends – cash dividend: RMB2.000 per share (2023: RMB1.972 per share)	50,440	49,734
Total	77,806	72,496

2024 final dividends is proposed in accordance with the resolution passed at the meeting of the Board of Directors held on 25 March 2025 and will be submitted to the 2024 Annual General Meeting for approval.

53. Exchange reserve

Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside the mainland China.

54. The bank's statement of financial position and changes in the bank's equity

	2024	2023
Assets		
Cash	**16,119**	14,499
Precious metals	**9,307**	2,245
Balances with central banks	**555,154**	666,550
Balances with banks and other financial institutions	**173,859**	55,168
Placements with banks and other financial institutions	**376,530**	261,190
Amounts held under resale agreements	**269,987**	169,450
Loans and advances to customers	**6,300,684**	5,916,313
Financial assets at fair value through profit or loss	**546,965**	465,708
Derivative financial assets	**31,815**	18,014
Debt investments at amortised cost	**1,908,600**	1,707,032
Debt investments at fair value through other comprehensive income	**922,824**	783,051
Equity investments designated at fair value through other comprehensive income	**11,517**	10,956
Investments in subsidiaries	**61,645**	54,731
Interests in joint ventures	**18,724**	15,111
Interests in associates	**8,042**	6,991
Investment properties	**841**	836
Property and equipment	**27,695**	26,690
Right-of-use assets	**16,324**	16,321
Intangible assets	**1,292**	1,720
Deferred tax assets	**80,031**	87,177
Other assets	**40,659**	37,470
Total assets	**11,378,614**	10,317,223
Liabilities		
Borrowing from central banks	**189,934**	378,504
Deposits from banks and other financial institutions	**692,390**	484,620
Placements from banks and other financial institutions	**46,741**	71,077
Financial liabilities at fair value through profit or loss	**34,469**	21,281
Derivative financial liabilities	**31,089**	16,653
Amounts sold under repurchase agreements	**53,887**	114,008
Deposits from customers	**8,874,817**	7,953,958
Salaries and welfare payable	**29,751**	23,911
Tax payable	**9,668**	11,904
Contract liabilities	**4,159**	5,466
Lease liabilities	**12,294**	12,039
Provisions	**16,638**	19,530
Debt securities issued	**156,146**	107,858
Other liabilities	**83,546**	89,220
Total liabilities	**10,235,529**	9,310,029
Equity		
Share capital	**25,220**	25,220
Other equity instruments	**180,446**	150,446
Capital reserve	**76,076**	76,079
Investment revaluation reserve	**36,366**	14,354
Hedging reserve	**4**	11
Surplus reserve	**122,652**	108,737
General reserve	**142,486**	129,085
Retained earnings	**508,957**	453,168
Proposed profit appropriation	**50,440**	49,734
Exchange reserve	**438**	360
Total equity	**1,143,085**	1,007,194
Total equity and liabilities	**11,378,614**	10,317,223

54. The bank's statement of financial position and changes in the bank's equity *(continued)*

		Other equity instruments										
	Share capital	Preference shares	Perpetual bonds	Capital reserve	Investment revaluation reserve	Hedging reserve	Surplus reserve	General reserve	Retained earnings	Proposed profit appropriation	Exchange reserve	Total
At 1 January 2024	25,220	27,468	122,978	76,079	14,354	11	108,737	129,085	453,168	49,734	360	1,007,194
Changes in equity for the year	–	–	30,000	(3)	22,012	(7)	13,915	13,401	55,789	706	78	135,891
Net profit for the year	–	–	–	–	–	–	–	–	139,148	–	–	139,148
Other comprehensive income for the year	–	–	–	–	21,990	(7)	–	–	–	–	78	22,061
Total comprehensive income for the year	–	–	–	–	21,990	(7)	–	–	139,148	–	78	161,209
Issue of perpetual bonds	–	–	30,000	(3)	–	–	–	–	–	–	–	29,997
Profit appropriations	–	–	–	–	–	–	13,915	13,401	(83,337)	706	–	(55,315)
Appropriation to statutory surplus reserve	–	–	–	–	–	–	13,915	–	(13,915)	–	–	–
Appropriation to general reserve	–	–	–	–	–	–	–	13,401	(13,401)	–	–	–
Dividends paid for the year 2023	–	–	–	–	–	–	–	–	–	(49,734)	–	(49,734)
Proposed dividends for the year 2024	–	–	–	–	–	–	–	–	(50,440)	50,440	–	–
Dividends to preference shares	–	–	–	–	–	–	–	–	(996)	–	–	(996)
Distribution to perpetual bonds	–	–	–	–	–	–	–	–	(4,585)	–	–	(4,585)
Transfers within equity upon disposal of equity instruments designated at FVTOCI	–	–	–	–	22	–	–	–	(22)	–	–	–
At 31 December 2024	25,220	27,468	152,978	76,076	36,366	4	122,652	142,486	508,957	50,440	438	1,143,085

		Other equity instruments										
	Share capital	Preference shares	Perpetual bonds	Capital reserve	Investment revaluation reserve	Hedging reserve	Surplus reserve	General reserve	Retained earnings	Proposed profit appropriation	Exchange reserve	Total
At 1 January 2023	25,220	27,468	92,978	76,082	13,144	–	94,985	121,230	391,579	43,832	380	886,898
Changes in equity for the year	–	–	30,000	(3)	1,210	11	13,752	7,855	61,589	5,902	(20)	120,296
Net profit for the year	–	–	–	–	–	–	–	–	137,521	–	–	137,521
Other comprehensive income for the year	–	–	–	–	1,177	11	–	–	–	–	(20)	1,168
Total comprehensive income for the year	–	–	–	–	1,177	11	–	–	137,521	–	(20)	138,689
Issue of perpetual bonds	–	–	30,000	(3)	–	–	–	–	–	–	–	29,997
Profit appropriations	–	–	–	–	–	–	13,752	7,855	(75,899)	5,902	–	(48,390)
Appropriation to statutory surplus reserve	–	–	–	–	–	–	13,752	–	(13,752)	–	–	–
Appropriation to general reserve	–	–	–	–	–	–	–	7,855	(7,855)	–	–	–
Dividends paid for the year 2022	–	–	–	–	–	–	–	–	–	(43,832)	–	(43,832)
Proposed dividends for the year 2023	–	–	–	–	–	–	–	–	(49,734)	49,734	–	–
Dividends to preference shares	–	–	–	–	–	–	–	–	(996)	–	–	(996)
Distribution to perpetual bonds	–	–	–	–	–	–	–	–	(3,562)	–	–	(3,562)
Transfers within equity upon disposal of equity instruments designated at FVTOCI	–	–	–	–	33	–	–	–	(33)	–	–	–
At 31 December 2023	25,220	27,468	122,978	76,079	14,354	11	108,737	129,085	453,168	49,734	360	1,007,194

55. Notes to consolidated cash flow statement

(a) Analysis of the balances of cash and cash equivalents (including assets with original maturity within 3 months):

	2024	2023
Cash and Balances with central banks	**46,957**	140,809
Balance with banks and other financial institutions	**158,646**	84,593
Placements with banks and other financial institutions	**111,547**	105,953
Amounts held under resale agreements	**271,447**	171,542
Debt securities investments and discounted bills	**167,930**	96,122
Total	**756,527**	599,019

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were classified in the Group's consolidated cash flows statement as cash flows from financing activities.

	Negotiable interbank certificates of deposit	Certificates of deposit issued (Note)	Debt securities issued (Note)	Accrued interest on bonds	Dividend payable	Other financial liabilities	Lease liabilities	Total
At 1 January 2024	**21,443**	**34,340**	**124,372**	**1,814**	**26**	**32,616**	**12,675**	**227,286**
Cash changes:								
Proceeds from the issue	**155,569**	**61,462**	**24,995**	**–**	**–**	**9,947**	**–**	**251,973**
Repayment	**(90,160)**	**(49,187)**	**(59,989)**	**–**	**–**	**(11,775)**	**(4,793)**	**(215,904)**
Interest/dividend paid	**–**	**–**	**–**	**(5,339)**	**(55,692)**	**–**	**–**	**(61,031)**
Non-cash changes:								
Additions of lease liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**4,439**	**4,439**
Accrued interest	**–**	**–**	**–**	**4,863**	**–**	**–**	**457**	**5,320**
Dividend declared	**–**	**–**	**–**	**–**	**55,692**	**–**	**–**	**55,692**
Discount or premium amortisation	**2,334**	**430**	**29**	**–**	**–**	**–**	**–**	**2,793**
Fair value adjustments	**–**	**1**	**229**	**–**	**–**	**690**	**–**	**920**
Other	**–**	**–**	**–**	**–**	**–**	**4,289**	**–**	**4,289**
Exchange difference	**–**	**348**	**934**	**–**	**–**	**15**	**–**	**1,297**
At 31 December 2024	**89,186**	**47,394**	**90,570**	**1,338**	**26**	**35,782**	**12,778**	**277,074**

	Negotiable interbank certificates of deposit	Certificates of deposit issued (Note)	Debt securities issued (Note)	Accrued interest on bonds	Dividend payable	Other financial liabilities	Lease liabilities	Total
At 1 January 2023	65,719	15,987	148,674	1,533	26	22,719	13,013	267,671
Cash changes:								
Proceeds from the issue	68,608	66,504	25,201	–	–	17,303	–	177,616
Repayment	(112,584)	(48,267)	(51,146)	–	–	(7,210)	(5,053)	(224,260)
Interest/dividend paid	(2,086)	–	–	(5,396)	(48,860)	–	–	(56,342)
Non-cash changes:								
Additions of lease liabilities	–	–	–	–	–	–	4,235	4,235
Accrued interest	–	–	–	5,677	–	–	480	6,157
Dividend declared	–	–	–	–	48,860	–	–	48,860
Discount or premium amortisation	1,786	265	53	–	–	–	–	2,104
Fair value adjustments	–	3	191	–	–	(236)	–	(42)
Exchange difference	–	(152)	1,399	–	–	40	–	1,287
At 31 December 2023	21,443	34,340	124,372	1,814	26	32,616	12,675	227,286

Note: Including financial liabilities designated at fair value through profit or loss.

(c) Significant non-cash transactions

There were no significant non-cash transactions during the years ended 31 December 2024 and 2023.

56. Operating Segments

The Group's principal activities are providing corporate and personal banking services, conducting treasury business, providing asset management and other financial services.

The Group manages its businesses by divisions, which are organised by both business lines and geography.

(1) Wholesale finance business

The financial services for corporate clients, government agencies, and financial institutions include: loan and deposit service, settlement and cash management service, trade finance and offshore business, investment banking business, inter-bank business such as placement and repurchase, asset custody business, financial market business, and other services.

(2) Retail finance business

The financial services provided to retail customers include: loan and deposit service, bank card service, wealth management services, private banking and other services.

(3) Other Business

Except for the business mentioned above, other business covers investment properties, subsidiaries except for CMB WLB and CMBFL, associates and joint ventures. None of these segments meet any of the quantitative thresholds so far for segment division.

For the purpose of operating segment analysis, external net interest income/expense represents the net interest income earned or expense incurred on banking services provided to external parties. Internal net interest income/expense represents the assumed profit or loss by the internal funds transfer pricing mechanism which has taken into account the structure and market returns of the assets and liabilities portfolio. Cost allocation is based on direct costs attributable to each reporting segment and apportion according to the relevant factors.

The accounting policies of the operating segments are the same as the Group's accounting policies as stated in Note 4. Operating segment income represents income generated from external customers, inter-segment transactions are offset. No customer contributed 10% or more to the Group's revenue for 2024 and 2023. Internal transactions are conducted at fair value.

56. Operating segments *(continued)*

(a) Segment results, assets and liabilities

	Wholesale finance business		Retail finance business		Other business		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
External net interest income	**30,010**	23,074	**120,186**	129,075	**61,081**	62,520	**211,277**	214,669
Internal net interest income/(expense)	**42,015**	60,952	**28,072**	7,679	**(70,087)**	(68,631)	**–**	–
Net interest income	**72,025**	84,026	**148,258**	136,754	**(9,006)**	(6,111)	**211,277**	214,669
Net fee and commission income	**14,705**	16,710	**47,141**	56,419	**10,248**	10,979	**72,094**	84,108
Other net income	**48,663**	33,889	**1,385**	1,142	**1,070**	2,794	**51,118**	37,825
Operating income	**135,393**	134,625	**196,784**	194,315	**2,312**	7,662	**334,489**	336,602
Operating expenses								
– Property and equipment and investment properties depreciation	**(8,340)**	(7,798)	**(2,710)**	(2,771)	**(404)**	(439)	**(11,454)**	(11,008)
– Right-of-use assets depreciation	**(1,490)**	(1,610)	**(2,389)**	(2,312)	**(228)**	(283)	**(4,107)**	(4,205)
– Other	**(38,308)**	(41,812)	**(60,035)**	(58,860)	**(3,746)**	(5,106)	**(102,089)**	(105,778)
Reportable segment profit before impairment losses	**87,255**	83,405	**131,650**	130,372	**(2,066)**	1,834	**216,839**	215,611
Expected credit losses and impairment losses on other assets	**301**	(10,640)	**(41,006)**	(30,459)	**(114)**	(370)	**(40,819)**	(41,469)
Share of profits of associates and joint ventures	**–**	–	**–**	–	**2,632**	2,476	**2,632**	2,476
Reportable segment profit before taxation	**87,556**	72,765	**90,644**	99,913	**452**	3,940	**178,652**	176,618
Capital expenditure (note)	**31,771**	26,630	**3,298**	2,809	**207**	702	**35,276**	30,141

	Wholesale finance business		Retail finance business		Other business		Total	
	31 December 2024	31 December 2023	**31 December 2024**	31 December 2023	**31 December 2024**	31 December 2023	**31 December 2024**	31 December 2023
Reportable segment assets	**7,103,051**	6,236,513	**3,564,804**	3,358,721	**1,383,480**	1,325,116	**12,051,335**	10,920,350
Of which: Interest in associates and joint ventures	**–**	–	**–**	–	**31,015**	26,590	**31,015**	26,590
Reportable segment liabilities	**6,268,091**	5,671,256	**4,118,838**	3,562,087	**452,085**	628,708	**10,839,014**	9,862,051

Note: Capital expenditure represents the amount incurred for acquiring segment assets which are expected to be used for more than one year.

56. Operating segments *(continued)*

(b) Reconciliations of reportable segment revenue, profit or loss, assets, liabilities and other material items

	2024	2023
Operating income for reportable segments	**334,489**	336,602
Total profit before income tax for reportable segments	**178,652**	176,618

	31 December 2024	31 December 2023
Assets		
Total assets for reportable segments	**12,051,335**	10,920,350
Goodwill	**9,954**	9,954
Intangible assets	**526**	550
Deferred tax assets	**83,674**	90,557
Other unallocated assets	**6,547**	7,072
Consolidated total assets	**12,152,036**	11,028,483
Liabilities		
Total liabilities for reportable segments	**10,839,014**	9,862,051
Tax payable	**11,713**	13,597
Deferred tax liabilities	**1,592**	1,607
Other unallocated liabilities	**66,242**	65,499
Consolidated total liabilities	**10,918,561**	9,942,754

56. Operating segments *(continued)*

(c) Geographical segments

The Group operates principally in the PRC with branches located in major provinces, autonomous regions and municipalities directly under the central government in the mainland China. The Group also has branches operating in Hong Kong, New York, Singapore, Luxembourg, London and Sydney, subsidiaries operating in Hong Kong, Shenzhen, Shanghai, Beijing and Luxembourg and representative offices in New York and Taipei.

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 revenue. Segment assets and non-current assets are allocated based on the location of the underlying assets.

To support the Bank's operations and management's assessments, the geographical segments are defined as follows:

– "Headquarter" refers to the Group headquarter, credit card centres and fund operation centres;

– "Yangtze River Delta region" refers to branches in Shanghai municipality, Zhejiang province and Jiangsu province;

– "Bohai Rim region" refers to branches in Beijing municipality, Tianjin municipality, Shandong province and Hebei province;

– "Pearl River Delta and West Coast region" refers to branches in Guangdong province and Fujian province;

– "Northeast region" refers to branches in Liaoning province, Heilongjiang province and Jilin province;

– "Central region" refers to branches in Henan province, Anhui province, Hunan province, Hubei province, Jiangxi province, Shanxi province and Hainan province;

– "Western region" refers to branches in Sichuan province, Chongqing municipality, Guizhou province, Yunnan province, Shaanxi province, Gansu province, Ningxia Hui Autonomous region, Xinjiang Uyghur autonomous region, Guangxi Zhuang autonomous region, Inner Mongolia autonomous region, Qinghai province and Tibet autonomous region;

– "Overseas" refers to overseas branches in Hong Kong, New York, Singapore, Luxembourg, London, Sydney and representative offices in New York and Taipei; and

– "Subsidiaries" refers to subsidiaries wholly owned or controlled by the Group, including CMB WLB, CMBIC, CMBFL, CMFM, CMBWM, CMB Europe S.A. and CIGNA & CMAM.

	Total assets		Total liabilities		Non-current assets		Operating income		Profit before tax	
Geographical information	**31 December 2024**	31 December 2023	**31 December 2024**	31 December 2023	**31 December 2024**	31 December 2023	**2024**	2023	**2024**	2023
Headquarter	**5,620,792**	4,985,615	**4,616,716**	4,107,566	**61,287**	54,625	**134,972**	135,401	**81,021**	77,737
Yangtze River Delta region	**1,521,903**	1,417,890	**1,503,109**	1,404,463	**5,469**	5,995	**44,260**	45,485	**23,957**	21,578
Bohai Rim region	**1,002,690**	916,860	**988,780**	902,114	**3,845**	4,187	**33,801**	33,583	**18,547**	18,801
Pearl River Delta and West Coast region	**1,234,991**	1,166,744	**1,225,218**	1,156,219	**3,957**	4,125	**35,486**	34,947	**15,054**	18,491
Northeast region	**173,447**	168,687	**171,967**	166,551	**1,357**	1,440	**6,398**	6,444	**2,109**	2,808
Central region	**733,700**	676,618	**725,410**	670,811	**3,195**	3,299	**19,665**	19,953	**9,750**	9,358
Western region	**751,874**	681,255	**744,561**	674,635	**2,734**	3,051	**20,145**	20,579	**9,275**	8,554
Overseas	**236,567**	213,303	**244,455**	217,502	**746**	618	**4,290**	4,474	**2,635**	2,438
Subsidiaries	**876,072**	801,511	**698,345**	642,893	**107,343**	95,462	**35,472**	35,736	**16,304**	16,853
Total	**12,152,036**	11,028,483	**10,918,561**	9,942,754	**189,933**	172,802	**334,489**	336,602	**178,652**	176,618

Note: Non-current assets include interests in joint ventures, interests in associates, property and equipment, investment properties, right-of-use assets, intangible assets and goodwill.

57. Assets pledged as security

The following assets have been pledged as collateral for borrowing from central banks and liabilities under repurchase or placement arrangements:

	2024	2023
Borrowing from central banks	189,511	377,189
Placements from banks and other financial institutions	6,802	9,099
Amounts sold under repurchase agreements	83,747	134,863
Total	280,060	521,151
Assets pledged		
– Financial assets at fair value through profit or loss	6,921	98,223
– Debt investments at amortised cost	165,583	333,718
– Debt investments at fair value through other comprehensive income	30,491	41,743
– Loans and advances to customers	90,320	130,616
Total	293,315	604,300

The transactions under repurchase or placement agreements are conducted under terms that are usual and customary to standard borrowing and placing activities.

58. Contingent liabilities and commitments

(a) Credit commitments

At any given time, the Group has outstanding commitments to extend credit. These commitments take the form of approved loans and credit card overdraft limits.

The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers.

The contractual amounts of credit commitments by category are set out in the following tables. The amounts reflected in the tables for commitments assume that amounts are fully advanced. The amounts reflected in the tables for guarantees and letters of credit represent the maximum potential loss that would be recognised at the end of the reporting period if counterparties default.

	2024			
	– Stage 1 (12-month ECL)	– Stage 2 (Lifetime ECL – not credit-impaired)	– Stage 3 (Lifetime ECL – credit-impaired)	Total
Irrevocable guarantees	326,654	1,983	582	329,219
– Financial guarantees	33,109	754	293	34,156
– Non-financing letters of guarantees	293,545	1,229	289	295,063
Irrevocable letters of credit	304,725	1,249	–	305,974
Bills of acceptances	581,176	3,054	360	584,590
Irrevocable loan commitments	162,159	415	96	162,670
– with an original maturity within 1 year (inclusive)	45,039	3	1	45,043
– with an original maturity over 1 year	117,120	412	95	117,627
Credit card unused commitments	1,588,137	32,399	5	1,620,541
Other	96,525	708	20	97,253
Total	3,059,376	39,808	1,063	3,100,247

58. Contingent liabilities and commitments *(continued)*

(a) Credit commitments *(continued)*

	2023			
	– Stage 1 (12-month ECL)	– Stage 2 (Lifetime ECL – not credit-impaired)	– Stage 3 (Lifetime ECL – credit-impaired)	Total
Irrevocable guarantees	320,170	3,940	278	324,388
– Financial guarantees	44,570	1,104	3	45,677
– Non-financing letters of guarantees	275,600	2,836	275	278,711
Irrevocable letters of credit	227,114	1,505	–	228,619
Bills of acceptances	485,393	2,294	500	488,187
Irrevocable loan commitments	164,074	2,285	95	166,454
– with an original maturity within 1 year (inclusive)	23,427	1	–	23,428
– with an original maturity over 1 year	140,647	2,284	95	143,026
Credit card unused commitments	1,509,253	6,400	21	1,515,674
Other	87,367	156	–	87,523
Total	2,793,371	16,580	894	2,810,845

As at 31 December 2024, the Group's irrevocable letters of credit included sight letters of credit of RMB20,139 million (31 December 2023: RMB22,254 million), usance letters of credit of RMB18,230 million (31 December 2023: RMB9,361 million), and other commitments of RMB267,605 million (31 December 2023: RMB197,004 million).

Irrevocable loan commitments include credit limits granted to offshore customers by overseas branches and subsidiaries, and onshore and offshore syndicated loans etc.

Apart from the irrevocable loan commitments, the Group had loan commitments of RMB5,385,015 million at 31 December 2024 (31 December 2023: RMB5,885,925 million) which are unconditionally cancellable by the Group or automatically cancellable due to deterioration in the creditworthiness of the borrower as stipulated in respective lending agreements. The Group does not assume any risks on the unused credit limits for these loan customers. As a result, such balances are not included in the above credit commitments.

	2024	2023
Credit risk weighted amounts of contingent liabilities and commitments	**846,851**	650,343

Since 1 January 2024, the Group calculated the credit risk-weighted assets amount of its contingent liabilities and commitments in accordance with the requirements of *Rules on Capital Management of Commercial Banks* issued by the NFRA. The amount within the scope approved by the former CBIRC in April 2014 is calculated using the Internal Ratings-Based Approach, and the Weighted Approach is used to cover those amounts not eligible for the Internal Ratings-Based Approach.

58. Contingent liabilities and commitments *(continued)*

(b) Capital commitments

The authorised capital commitments of the Group were as follows:

	2024	2023
Contracted for	177	219
Authorised but not contracted for	216	191
Total	393	410

The lease commitments of the Group as a lessor are detailed in note 58 (e).

(c) Outstanding litigations

At 31 December 2024, the Bank or other group entities was a defendant in certain outstanding litigations with total gross claims of RMB2,024 million (2023: RMB3,205 million). The Group considers that no material losses would be incurred by the Group as a result of these outstanding litigations.

(d) Redemption obligations

As an underwriting agent of PRC government bonds, the Group has the responsibility to make advances to bond holders if 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 nominal value plus any interest unpaid and accrued up to the redemption date. Accrued interest to the bond holders are calculated in accordance with relevant requirements set by the MOF or the PBOC. The redemption price may be different from the fair value of similar instruments traded at the redemption date.

The redemption obligations below represent the nominal value of government bonds underwritten and sold by the Group, but not yet matured at the end of the reporting period:

	2024	2023
Redemption obligations	30,807	29,144

The Group expects that the amount of redemption before the maturity date of these government bonds through the Group will not be material.

(e) Lease commitments

Operating lease commitments and financial lease commitments where the Group is a lessor at the end of the reporting period are as follows:

	2024	2023
Operating lease commitments	14,321	25,816
Financial lease commitments	37,503	12,859
Total	51,824	38,675

59. Transactions on behalf of customers

(a) Entrusted lending business

The Group's entrusted lending business refers to activities where principals such as government departments, business entities and individuals provide capital for loan advances through the Group to their specified targets on their behalf in accordance with specific terms and conditions, with the help of the Group in monitoring loan usage and seeking loan recovery. The entrusted lending business does not expose the Group to any credit risk. As instructed by these principals, the Group holds and manages underlying assets and liabilities only in the capacity of an agent, and charges handling fees for related services.

Entrusted lending are not assets of the Group and are not recognised in the consolidated statement of financial position. Income received and receivable for providing these services are recognised in the consolidated statement of profit or loss as fee and commission income.

At the end of the reporting period, the entrusted assets and liabilities were as follows:

	2024	2023
Entrusted loans	**245,897**	221,292
Entrusted funds	**(245,897)**	(221,292)

(b) Wealth management services

The Group's wealth management services to customers mainly represent sales of wealth management products to corporate and personal banking customers by the Bank and CMBWM. The funds obtained from wealth management services are invested in investment products, including government bonds, policy bank bonds and short term corporate debt instruments. The Group initiated the launch of wealth management products. The investment risk associated with these products is borne by the customers who invest in these products. The Group does not consolidate these wealth management products. The Group earns commission which represents the charges on customers in relation to the provision of custody, sales and management services.

The wealth management products and funds obtained are not assets and liabilities of the Group and are not recognised in the consolidated statement of financial position. The funds received from customer for wealth management business that yet to be invested are recorded under other liabilities.

At the end of the reporting period, funds received from customers under unconsolidated wealth management services were RMB2,298,278 million as at 31 December 2024 (31 December 2023: RMB2,403,038 million).

(c) Entrusted management of insurance funds

The entrusted management of insurance funds mainly refers to the business that the Group carries out investment activities on funds entrusted by insurance companies according to the regulatory policies and the investment guidelines from insurance companies, and charges fees for providing such services.

At the end of the reporting period, the balances of entrusted funds were as follows:

	2024	2023
Entrusted management of insurance funds	**189,647**	144,963

60. Risk management

(a) Credit risk

Credit risk represents the potential losses that may arise from the failure of a counterparty or a debtor to meet its obligation or commitment to the Group. Credit risk increases when all counterparties are concentrated in a single industry or a geographical region, as different counterparties in the same region or industry may be affected by the same economic factors, which may eventually affect their repayment abilities.

The Group designs its organisation framework, credit policies and processes with an objective to identify, evaluate and manage its credit risk effectively. The Risk and Capital Management Committee, set up and appointed by the board of directors, is responsible for supervising and evaluating the set-up, organisational structure, work process and effectiveness of various risk management functions.

With respect to daily operations, the Risk Management Department, as directed by the Risk and Capital Management Committee under Board of Directors, participates in, coordinates, and monitors the work of other risk management functions, including each business unit and the Legal and Compliance Department. The Group manages credit risk including the credit and investment business of pre-lending (investment) evaluations, interim-lending (investment) reviewing and post-lending (investment) monitoring.

In accordance with the Implementation Rules on Expected Credit Loss Approach of Commercial Banks (Yin Bao Jian Gui [2022] No.10), the Group uses the expected credit loss model to provide for credit risk losses for on-balance sheet financial assets that bear credit risk at amortised cost or at fair value through other comprehensive income, as well as off-balance sheet credit risk items such as loan commitments and financial guarantee contracts.

With respect to the credit risk management of wholesale financial business, the Group optimizes credit and investment policies, continually enhances the standards on acceptance for corporate, interbank and institutional clients, and implements in key risk areas to improve the quality of credit exposure.

With respect to credit risk management of retail financial business, the Group mainly relies on the credit assessment of applicants as the basis for loan approval, which takes into consideration the income level, credit history, and repayment ability of the applicant. The Group monitors post-lending conditions by focusing on borrowers' repayment ability, the status of collateral and any changes to collateral value. Once a loan becomes overdue, the Group starts the collection process according to standard retail loans collection procedures.

The Group requests customers to provide collateral and guarantees when necessary. The Group has formulated systems or guidelines for the access of guarantors or collaterals, the approval of guarantee amounts, the establishment and follow-up management of guarantees. The guarantor's or collateral's ability and willingness to guarantee will be reviewed regularly to ensure that it meets the requirements of relevant laws and regulations and can effectively mitigate risks.

In respect of asset quality classification, the Group improves the classification system and refines the classification method based on Rules on Risk Classification of Financial Assets of Commercial Banks, combined with actual situation. On the basis of Five-category Classification, the Group categorises its loans on a ten-grade loan classification basis to refine internal risk classification management (normal (grades 1-5), special mention (grades 1-2), substandard, doubtful and loss).

The risks involved in contingent liabilities and commitments are essentially the same as the credit risk involved in loans and advances to customers. These transactions are, therefore, subject to the same credit application, post-lending monitoring and collateral requirements as for customers applying for loans.

Concentration of credit risk: when certain number of customers carry out the same business activities, locate in the same geographical region or their industries share similar economic characteristics, their ability to meet their obligations may be affected by the same economic factors. The level of concentration of credit risk reflects the sensitivity of the Group's operating result to a specific industry or geographical region. To prevent concentration of credit risk, the Group has formulated a limit management policy to monitor and analyse its loan portfolio.

Analysis of loans and advances by industry and loan portfolio are presented in Note 22.

60. Risk management *(continued)*

(a) Credit risk *(continued)*

(i) Internal credit risk rating

The Group classifies credit risk based on probability of default. The internal credit risk rating is based on the model-forecasted default risk, taking into consideration qualitative and quantitative factors such as borrower's financial situation, debt pressure, industry characteristics, etc.

(ii) Significant increase in credit risk

As describe in Note 4(5), the Group recognises lifetime ECL if there are significant increases in credit risk.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument and other items at the reporting date with that at the date of initial recognition. In making this assessment, the Group considers an actual or expected significant deterioration in the financial instrument's internal credit risk rating (Note 60(a)(i)), as well as internal early warning signal, the result of 5-tier classification and overdue information. The Group regularly reviews whether the evaluation criteria are applicable to the current situation.

For wholesale business, credit risk is considered as significantly increased if any of the following conditions is met: the 5-tier classification is special mention; more than 30 days (inclusive) overdue; the internal credit risk rating of the customer has been downgraded to certain level; the early warning signal of the customer has reached a certain level; or the customer has other significant risk signals identified by the Group.

For retail and credit card business, credit risk is considered as significantly increased if any of the following conditions is met: the 5-tier classification is special mention; more than 30 days (inclusive) overdue; the customer or the debt has credit risk early warning signal; or the customer has other significant risk signals identified by the Group.

A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capability to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may not necessarily reduce the ability of the borrower to fulfill its contractual cash flow obligations.

For loan commitment and financial guarantee, the date when the commitment becomes irrevocable is considered as the initial recognition date.

The Group considers that a debt instrument is impaired and classified as stage 3 when the debt instrument is more than 90 days (inclusive) overdue or the 5-tier classification of this debt instrument is substandard, doubtful or loss (these three categories include debt instruments with more than 90 days (inclusive) overdue).

(iii) Measurement of ECL

The key inputs used for measuring ECL are:

- probability of default (PD): is an estimate of the likelihood of default over 12 months or lifetime horizon;
- loss given default (LGD): is the proportion of the loss arising on default to the exposure at default;
- exposure at default (EAD): is the risk exposure on a debt.

These figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect forward-looking information.

60. Risk management *(continued)*

(a) Credit risk *(continued)*

(iv) Incorporation of forward-looking information

The Group divides financial assets into different asset groups based on their different risk characteristics. According to the risk characteristics of the asset group, the Group collects external data released by authoritative institutions and internal risk data without undue cost or effort for modelling. Apart from the common economic indicators such as Gross Domestic Product ("GDP"), Consumer Price Index ("CPI"), Producer Price Index and Broad Money Supply, various other categories of indicators such as industry index, interest and exchange rate, and survey index are also included. Based on statistical analysis and expert judgements, the Group sets up multiple forward-looking scenarios to predict macroeconomic indicators and risk parameters. The Group sets the forecasts issued by external authoritative institutions as the forecasts of economic indicators under the baseline scenario, with reference to the professionals of the Bank and the outputs of the models. For the forecasts of economic indicators under the remaining scenarios, the Group will refer to the actual historical data for analysis and forecast. Taking GDP (year-on-year growth rate) and CPI (month-on-month increase) as an example, the forecasts for the next year adopted by the Group for 2024 under the baseline scenario was set at round 5% and 1% respectively.

Combined with quantitative measurement and expert judgement, the Group sets the weighting of multiple scenarios based on the principle of taking the baseline scenario as the main and the other scenarios as supplement. The weight of the baseline scenario of the Group as at 31 December 2024 is the highest. According to the sensitivity test results of the Group, when the weighting of the optimistic scenario increases by 10% and the weighting of the baseline scenario decreases by 10%, the ECL amount at 31 December 2024 will decrease by approximately 2.6% compared to the current result. When the weighting of the pessimistic scenario increases by 10% and the weighting of the baseline scenario decreases by 10%, the ECL amount at 31 December 2024 will increase by approximately 4.6% compared to the current result.

The Group periodically forecasts macroeconomic indicators, and calculates the ECL based on a weighted 12-month expected credit loss (stage 1) or a weighted lifetime expected credit loss (stage 2 and stage 3).

(v) Groupings based on shared risk characteristics

The Group divides the primary business into wholesale business, retail business and credit card business. The models are divided based on shared risk characteristics, and the reference indicators include the 5-tier classification, business type and collateral type.

(vi) Maximum exposure

The Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements is the carrying amount of the relevant financial instruments as disclosed in the consolidated statement of financial position and the contract amount of the off balance sheet items disclosed in Note 58(a). At 31 December 2024, the amount of the Group's maximum credit risk exposure was RMB14,922,470 million (31 December 2023: RMB13,530,603 million).

60. Risk management *(continued)*

(a) Credit risk *(continued)*

(vii) Renegotiated loans and advances to customers

The Group adopts the measures for Risk Classification of Financial Assets of Commercial Banks (CBIRC PBC Order [2023] No. 1) for its rescheduled loans and advances to customers. The data at the beginning of the year has been adjusted on a consistent for the purpose of ensuring comparability.

The carrying amount of loans and advances that had been renegotiated was RMB24,826 million as at 31 December 2024 (31 December 2023: RMB26,099 million).

(viii) Non-performing loans

Under the 5-tier loan classification system, non-performing loans of the Group are divided into substandard loans, doubtful loans and loss loans. As at 31 December 2024, the Group had balance of non-performing loans of RMB65,610 million (31 December 2023: RMB61,579 million).

(ix) Credit quality of bond investments rating results

At the end of the reporting period, the analysis of the credit quality of bond investments by designated external credit assessment institution, is as follows:

	2024	2023
Impaired gross amount of debt investments	**693**	808
Impairment allowances	**(505)**	(499)
Subtotal	**188**	309
Neither overdue nor impaired		
AAA	**2,846,729**	2,577,388
AA+ to AA-	**89,538**	65,894
A+ to A-	**177,286**	132,191
Lower than A-	**25,609**	27,220
Unrated	**56,601**	41,184
Impairment allowances	**(7,985)**	(10,661)
Subtotal	**3,187,778**	2,833,216
Total	**3,187,966**	2,833,525

Notes:

(i) Bonds issued by the governments and policy banks held by the Group amounted to RMB2,599,093 million as at 31 December 2024 (31 December 2023: RMB2,448,279 million).

(ii) The impairment allowances above is for debt investments at amortised cost only.

60. Risk management *(continued)*

(a) Credit risk *(continued)*

(x) Collateral

An estimate of the fair value of collateral and other credit enhancements held against financial assets that are overdue but not impaired is as follows:

	2024	2023
Estimate of the fair value of collateral and other credit enhancements held against following financial assets		
– Loans and advances to customers	**17,545**	20,659

(xi) Movements of loans and advances and debt investments measured at amortised cost

Loans and advances measured at amortised cost:

	2024			
	– Stage 1 (12-month ECL)	**– Stage 2 (Lifetime ECL – not credit-impaired)**	**– Stage 3 (Lifetime ECL – credit-impaired)**	**Total**
Balance as at the beginning of the year	**5,686,659**	**165,105**	**61,560**	**5,913,324**
Net changes for the year	**461,401**	**(25,764)**	**5,056**	**440,693**
Transfer to				
– Stage 1	**45,122**	**(44,949)**	**(173)**	**–**
– Stage 2	**(132,857)**	**133,368**	**(511)**	**–**
– Stage 3	**(29,930)**	**(22,902)**	**52,832**	**–**
Write-offs	**–**	**–**	**(53,154)**	**(53,154)**
Balance as at the end of the year	**6,030,395**	**204,858**	**65,610**	**6,300,863**

	2023			
	– Stage 1 (12-month ECL)	– Stage 2 (Lifetime ECL – not credit-impaired)	– Stage 3 (Lifetime ECL – credit-impaired)	Total
Balance as at the beginning of the year	5,217,868	156,240	58,004	5,432,112
Net changes for the year	557,973	(27,551)	(1,288)	529,134
Transfer to				
– Stage 1	30,084	(29,822)	(262)	–
– Stage 2	(94,405)	95,148	(743)	–
– Stage 3	(24,861)	(28,910)	53,771	–
Write-offs	–	–	(47,922)	(47,922)
Balance as at the end of the year	5,686,659	165,105	61,560	5,913,324

60. Risk management *(continued)*

(a) Credit risk *(continued)*

(xi) Movements of loans and advances and debt investments measured at amortised cost *(continued)*

Debt investments at amortised cost:

	2024			
	– Stage 1 (12-month ECL)	– Stage 2 (Lifetime ECL – not credit-impaired)	– Stage 3 (Lifetime ECL – credit-impaired)	Total
Balance as at the beginning of the year	1,738,945	1,517	27,548	1,768,010
Net changes for the year	189,931	(708)	(1,313)	187,910
Transfer to				
– Stage 1	1	(1)	–	–
– Stage 2	(984)	984	–	–
– Stage 3	–	(2)	2	–
Write-offs	–	–	–	–
Balance as at the end of the year	1,927,893	1,790	26,237	1,955,920

	2023			
	– Stage 1 (12-month ECL)	– Stage 2 (Lifetime ECL – not credit-impaired)	– Stage 3 (Lifetime ECL – credit-impaired)	Total
Balance as at the beginning of the year	1,543,652	2,073	34,120	1,579,845
Net changes for the year	195,645	(238)	(4,323)	191,084
Transfer to				
– Stage 1	1	(1)	–	–
– Stage 2	(339)	339	–	–
– Stage 3	–	(655)	655	–
Write-offs	(14)	(1)	(2,904)	(2,919)
Balance as at the end of the year	1,738,945	1,517	27,548	1,768,010

60. Risk management *(continued)*

(a) Credit risk *(continued)*

(xii) Credit quality of financial instruments

The staging analysis for loans and advances to customers and debt investments at amortised cost are disclosed in note 22, note 23(b) and note 60(a)(xi) respectively. The staging analysis for credit commitments and the expected credit loss allowances of financial guarantees and loan commitments are disclosed in notes 58(a) and 42 respectively. The staging analysis for other financial instruments is as follows:

	2024							
	Principal				Expected credit loss			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL – not credit-impaired)	Stage 3 (Lifetime ECL – credit-impaired)	Total	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL – not credit-impaired)	Stage 3 (Lifetime ECL – credit-impaired)	Total
Balances with central banks	557,166	–	–	557,166	–	–	–	–
Balances with banks and other financial institutions	220,537	1	11	220,549	(818)	(1)	(11)	(830)
Placements with banks and other financial institutions	406,817	–	–	406,817	(1,126)	–	–	(1,126)
Amounts held under resale agreements	271,903	–	140	272,043	(606)	–	(140)	(746)
Debt investments at FVTOCI	1,082,186	209	182	1,082,577	(7,339)	(21)	(1,260)	(8,620)

	2023							
	Principal				Expected credit loss			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL – not credit-impaired)	Stage 3 (Lifetime ECL – credit-impaired)	Total	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL – not credit-impaired)	Stage 3 (Lifetime ECL – credit-impaired)	Total
Balances with central banks	667,569	–	–	667,569	–	–	–	–
Balances with banks and other financial institutions	100,745	1	11	100,757	(211)	(1)	(11)	(223)
Placements with banks and other financial institutions	286,046	201	–	286,247	(518)	(1)	–	(519)
Amounts held under resale agreements	172,568	–	140	172,708	(449)	–	(140)	(589)
Debt investments at FVTOCI	889,105	390	241	889,736	(5,586)	(132)	(1,094)	(6,812)

Note: The balances disclosed above do not include accrued interest.

60. Risk management *(continued)*

(b) Market risk

Market risk refers to the risk of loss due to changes in observable market factors such as interest rates, exchange rates, commodity prices and stock prices, resulting in changes in the fair value or future cash flows of the Group's financial instruments. Interest rate and foreign exchange rate are the two major market risk factors relevant to the Group. The Group is exposed to market risk through the financial instruments under the trading book and banking book. The financial instruments and positions under the trading book are held for trading purposes or for the purposes of hedging the risks arising from the trading book position, and these financial instruments can be traded without any restriction. The financial instruments under the banking book are assets and liabilities held by the Group for determinable return with relative stable market value or for the purposes of hedging the risks, which include both the Group's on-balance sheet and off-balance sheet exposure.

(i) Foreign exchange risk

Foreign exchange risk arises from the holding of foreign currency assets, liabilities and equity items, and the foreign currency and foreign currency derivative positions, which expose the Group to potential losses in the event of unfavourable foreign exchange rate movement. The financial assets and liabilities of the Group are denominated in RMB, and the other currencies are mainly in USD and HKD. The Group segregates the policy setting, execution and supervision of foreign exchange risk management, and establishes a foreign currency risk management governance structure. This structure specifies the roles, responsibilities and reporting lines of the Board of Directors, the Board of Supervisors, senior management, designated committees and relevant departments of the Bank in the management of foreign exchange risk. The Group is prudent in its foreign exchange risk appetite, and would not voluntarily take foreign exchange risk, which suits the current development stage of the Group. The current foreign exchange risk management policies and procedures of the Group meet the regulatory requirements and the requirements of the Group.

(1) Trading book

The Group has established a market risk structure and system of the trading book, which covers exchange rate risk, to quantify the exchange rate risk of the trading book to facilitate centralised management. The structure, process and method of exchange rate risk management of trading book are consistent with that of the interest rate risk of trading book.

The Group adopts quantitative indicators such as exposure indicator, market value at risk indicator (VaR, covers interest rate, foreign exchange rate, and commodity risk factors), exchange rate scenario stress test loss index, exchange rate sensitivity index, and cumulative loss index in its management of foreign exchange risk. The management methods include delegation, setting limits, daily monitoring and continuous reporting, etc.

60. Risk management *(continued)*

(b) Market risk *(continued)*

(i) Foreign exchange risk *(continued)*

(2) Banking book

The Group's foreign exchange risk under the banking book is centrally managed by the Head Office. The Asset and Liability Management Department, as the treasurer of the Bank is in charge of the banking book foreign exchange risk management. The Internal Audit Department is responsible for auditing this. The treasurer is responsible for managing the foreign exchange risk under the banking book with a prudent approach and compliance with the regulatory requirements, and through approaches such as transaction limits and adjustment of plans.

The banking book foreign exchange risk of the Group arises from the mismatch of the non-RMB financial assets and liabilities. The Group stringently monitors its foreign exchange risk exposures to control it within an acceptable range.

The Group has adopted foreign exchange exposure analysis, scenario simulation analysis and stress testing for the measurement and analysis of foreign exchange risk. The Group regularly measures and analyses the foreign exchange risk exposure fluctuations, monitors and reports foreign exchange risk on a monthly basis under the limit control framework, and adjusts the foreign exchange exposures based on the trend of foreign exchange rate movements to mitigate the foreign exchange risk on its banking book.

The Group continues to strengthen banking book exchange rate risk monitoring and authorisation management of limits to ensure that risks are controlled within a reasonable range.

(3) Assets and liabilities by original currency are shown as follows:

	2024						
	In RMB Equivalent					Main original currency	
	RMB	USD	HKD	Other	Total	USD	HKD
Assets							
Cash and balances with central banks	535,838	27,834	2,068	8,048	573,788	3,813	2,200
Amounts due from banks and other financial institutions	721,600	139,379	25,582	10,146	896,707	19,096	27,215
Loans and advances to customers	6,342,999	123,464	135,150	21,337	6,622,950	16,916	143,780
Financial investments (including derivative financial assets)	3,264,823	334,397	51,019	24,665	3,674,904	45,816	54,277
Other assets (note (i))	261,120	103,735	13,681	5,151	383,687	14,213	14,553
Total	11,126,380	728,809	227,500	69,347	12,152,036	99,854	242,025
Liabilities							
Borrowing from central banks and amounts due to banks and other financial institutions	1,061,944	123,045	15,668	6,360	1,207,017	16,858	16,668
Deposits from customers	8,427,705	445,503	161,032	62,347	9,096,587	61,038	171,314
Financial liabilities at FVTPL (including derivative financial liabilities)	90,565	8,258	168	53	99,044	1,132	179
Debt securities issued	141,431	69,991	7,610	2,551	221,583	9,589	8,096
Other liabilities (note (i))	263,383	19,854	9,253	1,840	294,330	2,720	9,845
Total	9,985,028	666,651	193,731	73,151	10,918,561	91,337	206,102
Net position	1,141,352	62,158	33,769	(3,804)	1,233,475	8,517	35,923
Off-balance sheet position:							
Credit commitments (note (ii))	2,949,528	111,092	21,153	18,474	3,100,247	15,221	22,504
Derivatives (nominal amounts):							
– forward purchased	734,725	730,591	30,788	46,870	1,542,974	100,097	32,754
– forward sold	(670,870)	(778,692)	(13,120)	(41,155)	(1,503,837)	(106,688)	(13,958)
– net currency option position	(80,894)	68,451	(12)	882	(11,573)	9,378	(13)
Total	(17,039)	20,350	17,656	6,597	27,564	2,787	18,783

60. Risk management *(continued)*

(b) Market risk *(continued)*

(i) Foreign exchange risk *(continued)*

(3) Assets and liabilities by original currency are shown as follows: (continued)

	2023						
	In RMB Equivalent					Main original currency	
	RMB	USD	HKD	Other	Total	USD	HKD
Assets							
Cash and balances with central banks	632,195	45,869	1,373	3,063	682,500	6,468	1,512
Amounts due from banks and other financial institutions	425,397	116,308	3,919	12,757	558,381	16,400	4,316
Loans and advances to customers	5,938,668	133,774	147,467	22,151	6,242,060	18,862	162,431
Financial investments (including derivative financial assets)	2,883,787	244,690	40,754	13,652	3,182,883	34,502	44,888
Other assets (note (i))	216,402	117,867	16,161	12,229	362,659	16,620	17,802
Total	10,096,449	658,508	209,674	63,852	11,028,483	92,852	230,949
Liabilities							
Borrowing from central banks and amounts due to banks and other financial institutions	1,132,441	117,899	5,676	9,581	1,265,597	16,624	6,252
Deposits from customers	7,562,175	384,719	154,568	53,976	8,155,438	54,247	170,253
Financial liabilities at FVTPL (including derivative financial liabilities)	52,624	8,368	206	203	61,401	1,180	227
Debt securities issued	101,849	67,474	3,366	2,075	174,764	9,514	3,708
Other liabilities (note (i))	258,062	18,858	7,103	1,531	285,554	2,658	7,824
Total	9,107,151	597,318	170,919	67,366	9,942,754	84,223	188,264
Net position	989,298	61,190	38,755	(3,514)	1,085,729	8,629	42,685
Off-balance sheet position:							
Credit commitments (note (ii))	2,684,499	80,880	25,385	20,081	2,810,845	11,405	27,961
Derivatives (nominal amounts):							
– forward purchased	418,103	431,449	34,270	34,929	918,751	60,836	37,747
– forward sold	(386,228)	(440,704)	(13,642)	(22,002)	(862,576)	(62,141)	(15,026)
– net currency option position	(76,687)	67,549	357	(4,250)	(13,031)	9,525	393
Total	(44,812)	58,294	20,985	8,677	43,144	8,220	23,114

Notes:

(i) Accrued interest of financial assets and liabilities are included in "other assets" and "other liabilities" respectively.

(ii) Credit commitments may expire unused at the end of the commitment period, therefore the above net position does not represent the future cash outflows.

60. Risk management *(continued)*

(b) Market risk *(continued)*

(i) Foreign exchange risk *(continued)*

(4) Sensitivity analysis

Under the existing managed floating exchange rate regime, the Group uses sensitivity analysis to measure the potential effect of changes in foreign currency exchange rates on the Group's net profit and equity. The following table sets forth the results of the Group's foreign exchange risk sensitivity analysis on the assets and liabilities of all foreign currencies involved at 31 December 2024 and 31 December 2023.

	2024		2023	
Change in foreign currency exchange rate	Down by 1%	Up by 1%	Down by 1%	Up by 1%
(Decrease)/increase in net profit	(112)	112	(101)	101
(Decrease)/increase in equity	(378)	378	(334)	334

Actual changes in the Group's net profit and equity resulting from increases or decreases in foreign exchange rates may be different from the results of this sensitivity analysis.

(ii) Interest rate risk

Interest rate risk arises from unfavourable changes in interest rates and maturity profiles which may result in loss to the income and decline in market value of financial instruments and positions held by the Group.

(1) Trading book

According to the basic principles of risk management, the Group has built and continuously improved the market risk management system, and established the management process of market risk identification, measurement, monitoring, control and reporting, covering interest rate risk, exchange rate risk, commodity and other risks involved in the trading book business. Under the market risk preference formulated by the Board of Directors, the Group manages the trading book by clearly identifying, accurately measuring and effectively managing the trading book market risk, to ensure that the trading book risk exposure is within an acceptable range and achieves a reasonable balance of risk and return. The Group constantly improves the risk-adjusted return level to maximise the shareholders' value.

The trading book market risk governance organisation structure defines the responsibilities, division of labour and reporting lines of the Board of Directors, Risk and Capital Management Committee under the Board of Directors, senior management and relevant departments of the Bank, and safeguards the achievement of management objectives. The Market Risk Management Department is responsible for the Group's trading book market risk, and undertakes the task of risk policy formulation and management.

60. Risk management *(continued)*

(b) Market risk *(continued)*

(ii) Interest rate risk *(continued)*

(1) Trading book (continued)

According to the business practices and market risk governance organisation structure, the Group establishes the trading book market risk limits management system. A top level limit is set based on the risk appetite determined by the Board of Directors, and is transmitted from top to bottom level by level. Within the scope of their authorisation, management departments at all levels allocate and set limits according to risk characteristics, product types and trading strategies, etc. The business departments carry out the business according to the authorisation and limits requirements, and the supervisory and administrative departments at all levels continuously monitor and report according to the limits management regulations.

The trading book market risk management adopts the scale index, stop loss index, sensitivity index, value at risk index, stress test index and other risk measurement indices as the limits index, and sets the limit value by comprehensively considering the risk appetite, risk tolerance, business operation strategy, risk return, management conditions and other factors.

The Group uses valuation, sensitivity analysis, value-at-risk analysis, stress test and other measurement methods to identify and quantify risk factors in the interest rate market. The Group applies the market risk measurement model in its daily risk management and takes market risk measurement as the basis for business planning, resource allocation, financial market business operation and risk management.

(2) Banking book

According to the external regulatory requirements and the internal banking book interest rate risk management policy, the Group has built and continuously improved the banking book interest rate risk management system, established the management process of interest rate risk identification, measurement, monitoring, control and reporting, and covered all on – and off-balance sheet business of the Bank. The Group clearly identifies, accurately measures and effectively manages the interest rate risk of the banking book under the interest rate risk appetite of the banking book formulated by the Board of Directors to ensure that the net interest income (NII) and the economic value of shareholders' equity (EVE) increase steadily within the acceptable range of the banking book risk.

The Group's governance and management framework specifies the responsibilities, division of labor and reporting lines of the Board of Directors, senior management, designated committees and relevant departments to ensure the effectiveness of interest rate risk management. Interest rate risk of the banking book is managed by the Asset and Liability Management Department of the Head Office. Internal Audit Department of the Head Office is responsible for independent audit.

The preference of the Group in respect of the interest rate risk in the banking book is prudent. The Group establishes a banking book interest rate risk limit management system based on the actual business and the banking book interest rate risk governance structure. The quantitative index of risk appetite set by the Board of Directors is the highest level limit, which is transmitted through the limit level from top to bottom and level by level. Within the scope of their authorisation, all levels set limits and continuously monitor and report according to risk tolerance, business operation strategy and risk management objectives. The Group formulates interest rate risk management strategies and regularly tracks and reviews them based on risk measurement and monitoring results and in combination with macroeconomic and interest rate environment. The key measures for risk management of the Group include the adjustment in business volume, duration structure and interest rate structure of on-balance sheet asset and liability business and off-balance sheet derivative to offset risk exposure.

The Group has mainly adopted scenario simulation analysis, re-pricing exposure analysis and duration analysis for the regular measurement and analysis of interest rate risk under the banking book. Stress test is a form of scenario simulation used to assess the changes in net interest income at risk and economic value of equity indicators when there is an extreme fluctuation in interest rates. The Group measures and monitors the interest rate risk of banking book through the asset-liability management system, and the main models and parameter assumptions used in the measurement process are independently verified before being adopted and are regularly reviewed and verified after being adopted. The various indicators of interest rate risk during the reporting period showed that the interest rate risk of banking book of the Bank was generally stable and stay within the set limits.

60. Risk management *(continued)*

(b) Market risk *(continued)*

(ii) Interest rate risk *(continued)*

(3) The following tables indicate the expected next repricing dates (or maturity dates whichever are earlier) for assets and liabilities at the end of the reporting period.

	2024					
	Total	3 months or less (include overdue)	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non-interest bearing
Assets						
Cash and balances with central banks	573,788	547,644	–	–	–	26,144
Amounts due from banks and other financial institutions	896,707	678,771	193,834	24,089	13	–
Loans and advances to customers (note (i))	6,622,950	2,921,730	3,085,793	553,747	61,680	–
Financial investments (including derivative financial assets)	3,674,904	487,488	510,412	1,287,820	1,309,218	79,966
Other assets (note (ii))	383,687	–	–	–	–	383,687
Total assets	12,152,036	4,635,633	3,790,039	1,865,656	1,370,911	489,797
Liabilities						
Borrowing from central banks and amounts due to banks and other financial institutions	1,207,017	1,008,346	187,090	11,192	389	–
Deposits from customers	9,096,587	6,367,726	1,418,427	1,285,129	22,696	2,609
Financial liabilities at FVTPL (including derivative financial liabilities)	99,044	–	5,691	–	–	93,353
Lease liabilities	12,778	1,055	2,855	7,705	1,163	–
Debt securities issued	221,583	115,232	54,627	44,330	7,394	–
Other liabilities (note (ii))	281,552	4	–	3,033	–	278,515
Total liabilities	10,918,561	7,492,363	1,668,690	1,351,389	31,642	374,477
Asset-liability gap	1,233,475	(2,856,730)	2,121,349	514,267	1,339,269	115,320

60. Risk management *(continued)*

(b) Market risk *(continued)*

(ii) Interest rate risk *(continued)*

(3) The following tables indicate the expected next repricing dates (or maturity dates whichever are earlier) for assets and liabilities at the end of the reporting period. *(continued)*

	2023					
	Total	3 months or less (include overdue)	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non-interest bearing
Assets						
Cash and balances with central banks	682,500	658,781	–	–	–	23,719
Amounts due from banks and other financial institutions	558,381	418,055	133,899	6,414	13	–
Loans and advances to customers (note (i))	6,242,060	2,497,757	3,076,798	605,016	62,489	–
Financial investments (including derivative financial assets)	3,182,883	351,796	358,289	1,104,825	1,307,233	60,740
Other assets (note (ii))	362,659	–	–	–	–	362,659
Total assets	11,028,483	3,926,389	3,568,986	1,716,255	1,369,735	447,118
Liabilities						
Borrowing from central banks and amounts due to banks and other financial institutions	1,265,597	1,013,853	231,786	19,670	288	–
Deposits from customers	8,155,438	5,450,058	1,300,112	1,373,425	28,172	3,671
Financial liabilities at FVTPL (including derivative financial liabilities)	61,401	588	–	5,321	–	55,492
Lease liabilities	12,675	1,032	2,804	7,757	1,082	–
Debt securities issued	174,764	44,549	78,880	43,959	7,376	–
Other liabilities (note (ii))	272,879	187	–	2,889	–	269,803
Total liabilities	9,942,754	6,510,267	1,613,582	1,453,021	36,918	328,966
Asset-liability gap	1,085,729	(2,583,878)	1,955,404	263,234	1,332,817	118,152

Notes: (i) For loans and advances to customers, the "3 months or less" category includes overdue amounts as at 31 December 2024 and 31 December 2023 net of allowances for impairment losses. Overdue amounts represent loans of which the whole or part of the principals or interests were overdue.

(ii) Accrued interest of financial assets and liabilities are included in "other assets" and "other liabilities" respectively.

(4) Sensitivity analysis

The Group uses sensitivity analysis to measure the potential effect of changes in interest rates on the Group's net interest income and equity. The following table sets forth the results of the Group's interest rate sensitivity analysis on the assets and liabilities as at 31 December 2024 and 31 December 2023.

	2024		2023	
Change in interest rates (in basis points)	**Up by 25**	**Down by 25**	Up by 25	Down by 25
(Decrease)/increase in net interest income	**(4,713)**	**4,713**	(4,118)	4,118
(Decrease)/increase in equity	**(10,793)**	**10,931**	(9,319)	9,477

The above-mentioned interest rate sensitivity analysis shows the changes in net interest income and equity in the next 12 months under the assumption of changes in interest rates in the above table. As the actual situation and assumptions may be different, the actual changes in the Group's net interest income and equity caused by the increase or decrease in interest rates may be different from the results of this sensitivity analysis.

60. Risk management *(continued)*

(c) Liquidity risk

Liquidity risk is the risk that the Group is not able to obtain sufficient funds at a reasonable cost and in a timely manner to deal with the appreciation of asset growth, to meet its maturity obligations, or to perform other payment obligations.

According to the liquidity risk management policy, the Group segregates the policy setting, execution and supervision of liquidity risk management, and puts in place a governance framework which defines the roles, responsibilities and reporting lines of the Board of Directors, the Board of Supervisors, senior management, designated committees and relevant departments to ensure the effectiveness of the liquidity risk management. The Board of Directors takes the ultimate responsibility for liquidity risk management, ensures the Group can effectively identify, measure, monitor and control liquidity risk and is responsible for determining liquidity risk level which the Group can tolerate. The Risk and Capital Management Committee under the Board of Directors shall perform its responsibilities in liquidity risk management according to the requirements of the Board of Directors. The Board of Supervisors is responsible for the supervision and evaluation of the performance of the Board of Directors and senior management in the liquidity risk management and reports to the general meeting of shareholders. The senior management is responsible for the liquidity risk management work and develops a timely understanding of changes in liquidity risks, and reports the same to the Board of Directors. The Asset and Liability Management Committee (ALCO) exercises specific liquidity risk management functions as required by the senior management. The Assets and Liabilities Management Department of the Head Office is a day-to-day working body of ALCO and responsible for various concrete management work including formulating policies and procedures relating to liquidity risk management and conducting qualitative and quantitative analysis of liquidity risk. The Internal Audit Department of the Head Office conducts comprehensive audit on the Group's liquidity risk management.

The Group is prudent in managing its liquidity risk, which suits its current development stage. The Group's existing liquidity risk management policies and systems meet regulatory requirements and suit its own management needs.

The Group's liquidity risk management is coordinated by Head Office with branches acting in concert. The Asset and Liability Management Department acting as the treasurer of the Group is in charge of daily liquidity risk management. According to a prudent basis under regulatory requirements, the treasurer is conducting centralised liquidity management through limits management, budget control, initiative debt management as well as internal fund transfer pricing.

The Group measures, monitors and identifies liquidity risk by short-term reserves as well as medium and long-term structures. It monitors the limit indicators closely at fixed intervals.

The Group regularly conducts stress testing to assess its liquidity risk resistance under extreme circumstances. Except for the annual stress testing required by the regulatory authorities, the Group conducts monthly stress testing on the liquidity risk of local and foreign currencies. The Group sets up liquidity contingency plans and conducts liquidity contingency drills to continuously improve its capability to handle any liquidity crisis.

60. Risk management *(continued)*

(c) Liquidity risk *(continued)*

Analysis of the Group's assets and liabilities by contractual remaining maturity is as follows:

	2024								
	Repayable on demand	Within 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Indefinite	Overdue	Total
Cash and balances with central banks (note (i))	46,957	38	136	1,925	–	–	524,732	–	573,788
Amounts due from banks and other financial institutions	47,422	479,313	151,267	194,478	24,214	13	–	–	896,707
Loans and advances to customers	37,161	567,322	521,001	1,785,295	1,888,461	1,793,147	–	30,563	6,622,950
Financial investments and derivative financial assets (note (ii))	4,936	269,334	155,234	506,409	1,381,773	1,330,326	26,820	72	3,674,904
– Financial investments at FVTPL (including derivative financial assets)	4,936	229,529	51,315	131,726	162,250	65,290	4,505	–	649,551
– Debt investments at amortised cost	–	20,519	58,800	181,330	740,026	919,716	–	70	1,920,461
– Debt investments at FVTOCI	–	19,286	45,119	193,353	479,497	345,320	–	2	1,082,577
– Equity investments designated at FVTOCI	–	–	–	–	–	–	22,315	–	22,315
Other assets (note (iii))	36,930	12,493	14,400	21,479	18,287	4,669	270,768	4,661	383,687
Total assets	173,406	1,328,500	842,038	2,509,586	3,312,735	3,128,155	822,320	35,296	12,152,036
Borrowing from central banks and amounts due to banks and other financial institutions	656,081	149,972	150,656	201,897	41,794	6,617	–	–	1,207,017
Deposits from customers	4,752,616	673,445	936,315	1,420,661	1,288,740	24,810	–	–	9,096,587
Financial liabilities at FVTPL (including derivative financial liabilities)	16,928	10,044	6,266	18,668	16,519	30,619	–	–	99,044
Lease liabilities	–	448	607	2,855	7,705	1,163	–	–	12,778
Debt securities issued	–	26,710	72,254	61,455	53,770	7,394	–	–	221,583
Other liabilities (note (iii))	141,006	34,895	22,135	49,859	33,352	305	–	–	281,552
Total liabilities	5,566,631	895,514	1,188,233	1,755,395	1,441,880	70,908	–	–	10,918,561
(Short)/long position	(5,393,225)	432,986	(346,195)	754,191	1,870,855	3,057,247	822,320	35,296	1,233,475

60. Risk management *(continued)*

(c) Liquidity risk *(continued)*

Analysis of the Group's assets and liabilities by contractual remaining maturity is as follows: *(continued)*

	2023								
	Repayable on demand	Within 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Indefinite	Overdue	Total
Cash and balances with central banks (note (i))	140,809	255	223	1,863	–	–	539,350	–	682,500
Amounts due from banks and other financial institutions	64,142	301,382	51,889	133,647	7,308	13	–	–	558,381
Loans and advances to customers	38,971	583,687	497,465	1,520,502	1,843,531	1,734,232	–	23,672	6,242,060
Financial investments and derivative financial assets (note (ii))	2,756	182,087	149,778	360,604	1,158,573	1,298,096	28,673	2,316	3,182,883
– Financial investments at FVTPL (including derivative financial assets)	2,756	138,053	59,690	140,317	159,012	36,026	9,024	–	544,878
– Debt investments at amortised cost	–	29,336	41,940	96,841	554,608	1,003,589	–	2,306	1,728,620
– Debt investments at FVTOCI	–	14,698	48,148	123,446	444,953	258,481	–	10	889,736
– Equity investments designated at FVTOCI	–	–	–	–	–	–	19,649	–	19,649
Other assets (note (iii))	33,120	11,473	15,382	21,518	15,266	5,155	256,260	4,485	362,659
Total assets	279,798	1,078,884	714,737	2,038,134	3,024,678	3,037,496	824,283	30,473	11,028,483
Borrowing from central banks and amounts due to banks and other financial institutions	449,682	366,937	157,079	243,626	41,428	6,845	–	–	1,265,597
Deposits from customers	4,474,297	432,094	542,828	1,301,368	1,375,860	28,991	–	–	8,155,438
Financial liabilities at FVTPL (including derivative financial liabilities)	8,577	7,753	4,731	8,601	12,077	19,662	–	–	61,401
Lease liabilities	–	454	578	2,804	7,757	1,082	–	–	12,675
Debt securities issued	–	9,901	25,288	82,023	50,176	7,376	–	–	174,764
Other liabilities (note (iii))	145,327	31,190	18,236	45,907	31,803	416	–	–	272,879
Total liabilities	5,077,883	848,329	748,740	1,684,329	1,519,101	64,372	–	–	9,942,754
(Short)/long position	(4,798,085)	230,555	(34,003)	353,805	1,505,577	2,973,124	824,283	30,473	1,085,729

Notes:

(i) For cash and balances with central banks, the amounts with indefinite maturities represent statutory deposit reserve and fiscal deposit balances.

(ii) For financial investments at FVTPL included in financial investments, their maturity dates do not represent the Group's intention to hold them to maturity.

(iii) Accrued interest of financial assets and liabilities are included in "other assets" and "other liabilities" respectively.

60. Risk management *(continued)*

(c) Liquidity risk *(continued)*

The following table provides an analysis of the contractual undiscounted cash flow of the non-derivative financial assets, non-derivative financial liabilities, and loan commitments of the Group as at the end of the reporting period. The Group's actual cash flows on these instruments may vary significantly from this analysis.

	2024									
	Carrying amount	Total	Repayable on demand	Within 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Indefinite	Overdue
Non-derivative financial assets										
Cash and balances with central banks	573,788	573,788	46,957	38	136	1,925	–	–	524,732	–
Amounts due from banks and other financial institutions	896,707	904,328	47,430	479,793	152,137	197,581	27,374	13	–	–
Loans and advances to customers	6,622,950	7,670,661	37,161	583,775	555,313	1,963,041	2,235,195	2,265,613	–	30,563
Financial investments	3,642,371	4,273,759	4,956	272,560	163,542	555,653	1,597,127	1,653,029	26,820	72
– Financial investments at FVTPL	617,018	638,145	4,956	225,776	45,894	124,509	156,719	75,786	4,505	–
– Debt investments at amortised cost	1,920,461	2,324,329	–	25,001	67,717	219,327	895,238	1,116,976	–	70
– Debt investments at FVTOCI	1,082,577	1,288,970	–	21,783	49,931	211,817	545,170	460,267	–	2
– Equity investments designated at FVTOCI	22,315	22,315	–	–	–	–	–	–	22,315	–
Other assets	102,337	102,337	33,461	12,442	14,328	21,190	5,063	511	10,681	4,661
Total	11,838,153	13,524,873	169,965	1,348,608	885,456	2,739,390	3,864,759	3,919,166	562,233	35,296

	2024									
	Carrying amount	Total	Repayable on demand	Within 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Indefinite	Overdue
Non-derivative financial liabilities and lease liabilities										
Borrowing from central banks and amounts due to banks and other financial institutions	1,207,017	1,220,980	656,335	150,888	152,614	206,029	47,556	7,558	–	–
Deposits from customers	9,096,587	9,321,148	4,793,218	686,784	958,060	1,470,346	1,387,318	25,422	–	–
Financial liabilities at FVTPL	67,461	67,510	16,886	6,247	1,342	7,526	4,998	30,511	–	–
Lease liabilities	12,778	13,793	–	451	614	2,908	8,299	1,521	–	–
Debt securities issued	221,583	228,531	–	26,990	73,018	63,674	57,135	7,714	–	–
Other liabilities	181,168	181,168	43,755	33,783	21,974	48,334	33,017	305	–	–
Total	10,786,594	11,033,130	5,510,194	905,143	1,207,622	1,798,817	1,538,323	73,031	–	–
Gross loan commitments	–	1,783,211	1,783,211	–	–	–	–	–	–	–

60. Risk management *(continued)*

(c) Liquidity risk *(continued)*

The following table provides an analysis of the contractual undiscounted cash flow of the non-derivative financial assets, non-derivative financial liabilities, and loan commitments of the Group as at the end of the reporting period. The Group's actual cash flows on these instruments may vary significantly from this analysis. *(continued)*

	2023									
	Carrying amount	Total	Repayable on demand	Within 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Indefinite	Overdue
Non-derivative financial assets										
Cash and balances with central banks	682,500	682,500	140,809	255	223	1,863	–	–	539,350	–
Amounts due from banks and other financial institutions	558,381	562,870	64,150	301,674	52,393	136,751	7,889	13	–	–
Loans and advances to customers	6,242,060	7,530,562	38,971	602,390	539,585	1,708,061	2,267,026	2,350,857	–	23,672
Financial investments	3,164,150	3,758,609	2,676	184,830	159,063	408,936	1,373,493	1,598,622	28,673	2,316
– Financial investments at FVTPL	526,145	530,575	2,676	134,391	56,151	134,875	156,588	36,870	9,024	–
– Debt investments at amortised cost	1,728,620	2,155,149	–	33,629	50,472	133,924	712,112	1,222,706	–	2,306
– Debt investments at FVTOCI	889,736	1,053,236	–	16,810	52,440	140,137	504,793	339,046	–	10
– Equity investments designated at FVTOCI	19,649	19,649	–	–	–	–	–	–	19,649	–
Other assets	90,873	90,873	31,314	11,445	15,314	20,884	1,975	427	5,029	4,485
Total	10,737,964	12,625,414	277,920	1,100,594	766,578	2,276,495	3,650,383	3,949,919	573,052	30,473

	2023									
	Carrying amount	Total	Repayable on demand	Within 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Indefinite	Overdue
Non-derivative financial liabilities and lease liabilities										
Borrowing from central banks and amounts due to banks and other financial institutions	1,265,597	1,300,017	449,843	375,736	168,105	251,248	47,192	7,893	–	–
Deposits from customers	8,155,438	8,434,777	4,559,684	434,432	554,142	1,360,396	1,496,187	29,936	–	–
Financial liabilities at FVTPL	43,958	44,074	8,566	4,696	1,053	2,996	7,146	19,617	–	–
Lease liabilities	12,675	13,664	–	457	586	2,880	8,461	1,280	–	–
Debt securities issued	174,764	182,443	–	10,401	26,108	84,324	53,672	7,938	–	–
Other liabilities	175,135	175,135	50,536	30,287	18,080	44,377	31,439	416	–	–
Total	9,827,567	10,150,110	5,068,629	856,009	768,074	1,746,221	1,644,097	67,080	–	–
Gross loan commitments	–	1,682,128	1,682,128	–	–	–	–	–	–	–

Note: Accrued interest of financial assets and liabilities are included in "other assets" and "other liabilities" respectively.

60. Risk management *(continued)*

(d) Operational risk

Operational risk arises from the loss due to deficiency in internal procedures, staffing or IT structure, as well as external events which have effect on operation, including legal risk but not strategy risk and reputation risk.

During the reporting period, through stepping up the identification, evaluation and monitoring of operational risk in key areas, and by focusing on process, policy, employee system, and existing problems of critical control segments, the Group further improves the risk management method, appraisal and assessment mechanism, and strengthens economic capital allocation mechanism with the goal of enhancing the ability and effectiveness of operational risk's management of the Group. All major indexes meet the requirements of the Group's risk preference.

In view of the challenges from internal and external operations and management, the Group will, based on its risk appetite, continue to upgrade its risk management capabilities and strengthen operational risk monitoring and controls, in order to prevent and reduce operational risk losses.

(e) Capital management

The objectives of the Group's capital management are to:

– Keep capital adequacy ratios at reasonable levels, satisfy capital-specific regulatory provisions and policy requirements on an ongoing basis, and maintain a solid capital base in support of its business expansion, social responsibility and strategic planning implementation to achieve a comprehensive, coordinated and sustainable growth;

– Comply with capital regulatory requirements, perform procedures to assess internal capital adequacy, openly disclose information related to capital management, fully cover all risks and ensure safe operation of the entire group;

– Put in place an economic capital-centred banking value management system by fully applying various risk-specific quantitative deliverables, enhance decision-making processes and management application regimes, strengthen capital restraint and capital incentive mechanisms, reinforce capabilities to facilitate customer pricing and decision-making, and increase capital deployment efficiency;

– Reasonably use all kinds of capital instruments, continue to upgrade capital strengths, improve capital structures, raise capital quality, lower capital costs, and create the best returns for shareholders.

The Group manages its capital structure and adjusts it based on the economic condition and the risk characteristics of its operations. To maintain or adjust its capital structure, the Group may modify its profit distribution policy, issue or repurchase shares, additional tier-1 capital instruments, eligible tier-2 capital instruments, and convertible debentures. The Group's management regularly monitors capital adequacy ratio under the approaches stipulated by regulators. The Group and the Bank submit required information to the NFRA every quarter.

The Group's capital adequacy ratio calculation covers the Bank and its subsidiaries. The Bank's capital adequacy ratio calculation covers all branches of the Bank. As at 31 December 2024, the Group's subsidiaries that were within the capital adequacy ratio calculation included: CMB WLB, CMBIC, CMBFL, CMFM, CMBWM, CIGNA & CMAM and CMB Europe S.A.

Since 1 January 2024, the Group has calculated its capital adequacy ratio in accordance with the NFRA's the *Rules on Capital Management of Commercial Banks*. According to the approval and requirements of implementing the advanced method of capital measurement by the former CBIRC on April 18, 2014 and the NFRA's relevant provisions of the Notice on implement of *Rules on Capital Management of Commercial Banks* (國家金融監督管理總局關於實施《商業銀行資本管理辦法》相關事項的通知) (Jin Gui [2023] No. 9), within the approved scope, the Group could calculate corporation and financial institution risk exposure using the Foundation Internal Ratings-Based Approach, retail risk exposure using the Advanced Internal Ratings-Based Approach, market risk and operational risk using the Standardised Approach. At the same time, the NFRA or its agencies implemented a transition period for commercial banks that were approved to adopt the Advanced Measurement Approach. During the transition period, commercial banks should follow *Rules on Capital Management of Commercial Banks* to carry out capital measurement.

60. Risk management *(continued)*

(e) Capital management *(continued)*

The Group's capital management focuses on the capital adequacy ratio management. The capital adequacy ratio reflects the Group's capability of sound operations and risk resistance. The Group's capital adequacy ratio management's objective is to carefully determine capital adequacy ratio, as legally required by regulators, according to actual risk profiles and with reference to capital adequacy ratio levels of globally leading market peers and the Group's operating conditions.

The Group adopts the scenario simulation and stress testing methods to forecast, plan and manage its capital adequacy ratio with considerations of factors such as strategic development planning, business expansion status, and risk movement trends.

The capital ratios calculated by the Advanced Measurement Approach set out in the *Rules on Capital Management of Commercial Banks* are as follows:

	2024	2023
Core tier-1 capital adequacy ratio	**14.86%**	13.73%
Tier-1 capital adequacy ratio	**17.48%**	16.01%
Capital adequacy ratio	**19.05%**	17.88%
Core tier-1 capital	**1,036,392**	920,759
Regulatory deductions from core tier-1 capital	**13,344**	13,451
Net core tier-1 capital	**1,023,048**	907,308
Additional tier-1 capital	**180,446**	150,446
Net tier-1 capital	**1,203,494**	1,057,754
Tier-2 capital	**108,248**	123,733
Net capital	**1,311,742**	1,181,487
Risk-weighted assets (taking into consideration the capital floor requirements)	**6,885,783**	6,608,021

(f) Use of derivatives

Derivatives include forwards, swaps and option transactions undertaken by the Group in the foreign exchange and interest rate markets.

The Group enters into interest rate, foreign currency and other financial derivative transactions for treasury business and its assets and liabilities management purpose. The Group's derivatives can be divided into financial instruments that are held for fair value hedge and cash flow hedging purpose and that are at fair value through profit or loss.

The Group formulates appropriate hedging strategies and uses proper tools in light of the risk profile of interest rates or foreign exchange rates associated with its assets and liabilities, as well as its analysis and judgement regarding future movements of interest rates or foreign exchange rates.

The Group is exposed to foreign exchange risk when assets or liabilities are denominated in foreign currencies. Such risk can be offset through the use of foreign exchange forwards or foreign exchange options.

60. Risk management *(continued)*

(f) Use of derivatives *(continued)*

In cash flow hedges, the Group uses interest rate swaps as hedging instruments to hedge the interest rate risks arising from RMB loans and interbank assets or liabilities. In fair value hedge, the Group uses interest rate swaps as hedging instruments to hedge the interest rate risks arising from bond investments measured at fair value through other comprehensive income.

The following tables provide an analysis of the notional amounts and the corresponding fair values of derivatives of the Group by remaining maturities at the end of the reporting period. The notional amounts of the derivatives indicate the transaction volume that has not been delivered at the end of the reporting period, and do not represent the amounts at risk.

	2024						
	Notional amounts with remaining life					Fair value	
	Within 3 months	Between 3 months and 1 year	Between 1 year and 5 years	Over 5 years	Total	Assets	Liabilities
Derivatives at fair value through profit or loss							
Interest rate derivatives	295,444	931,606	847,772	1,290	2,076,112	11,136	(11,478)
Interest rate swaps	290,990	931,524	847,772	1,290	2,071,576	11,035	(11,478)
Bond futures	4,454	82	–	–	4,536	101	–
Currency derivatives	944,726	947,917	83,676	1,722	1,978,041	20,926	(19,773)
Forwards	44,479	21,093	1,372	280	67,224	588	(579)
Foreign exchange swaps	664,671	740,338	67,377	1,442	1,473,828	17,734	(16,958)
Futures	18	387	–	–	405	–	–
Options	235,558	186,099	14,927	–	436,584	2,604	(2,236)
Other derivatives	4,767	6,090	230	37	11,124	262	(123)
Equity options purchased	805	2,769	–	37	3,611	131	–
Equity options written	805	2,769	–	–	3,574	–	(21)
Commodity trading swaps	3,157	351	–	–	3,508	131	(100)
Credit default swaps	–	201	230	–	431	–	(2)
Fair value hedge derivatives							
Interest rate derivatives	–	–	500	–	500	–	(15)
Interest rate swaps	–	–	500	–	500	–	(15)
Currency derivatives	1,200	1,940	6,614	–	9,754	76	(161)
Foreign exchange swaps	1,200	1,940	6,614	–	9,754	76	(161)
Cash flow hedge derivatives							
Interest rate derivatives	2,110	10,384	9,533	330	22,357	128	(33)
Interest rate swaps	2,110	10,384	9,533	330	22,357	128	(33)
Derivatives managed in conjunction with financial instruments designated at FVTPL							
Interest rate derivatives	–	–	183	–	183	5	–
Interest rate swaps	–	–	183	–	183	5	–
Total	1,248,247	1,897,937	948,508	3,379	4,098,071	32,533	(31,583)

60. Risk management *(continued)*

(f) Use of derivatives *(continued)*

	2023						
	Notional amounts with remaining life					Fair value	
	Within 3 months	Between 3 months and 1 year	Between 1 year and 5 years	Over 5 years	Total	Assets	Liabilities
Derivatives at fair value through profit or loss							
Interest rate derivatives	323,413	805,040	676,727	1,791	1,806,971	5,328	(5,314)
Interest rate swaps	323,239	805,030	676,727	1,791	1,806,787	5,327	(5,314)
Bond futures	174	–	–	–	174	1	–
Interest rate options	–	10	–	–	10	–	–
Currency derivatives	664,819	717,287	39,675	1,199	1,422,980	11,692	(10,372)
Forwards	35,148	17,293	257	1,199	53,897	375	(480)
Foreign exchange swaps	426,525	394,675	30,310	–	851,510	8,853	(7,824)
Futures	1,949	3,503	–	–	5,452	–	–
Options	201,197	301,816	9,108	–	512,121	2,464	(2,068)
Other derivatives	135,119	1,553	52	35	136,759	1,485	(1,300)
Equity options purchased	63,675	293	–	35	64,003	1,110	–
Equity options written	63,675	293	–	–	63,968	–	(876)
Commodity trading swaps	7,769	327	52	–	8,148	375	(354)
Credit default swaps	–	640	–	–	640	–	(70)
Fair value hedge derivatives							
Interest rate derivatives	–	–	513	2,838	3,351	–	(123)
Interest rate swaps	–	–	513	2,838	3,351	–	(123)
Currency derivatives	–	753	7,529	–	8,282	123	(295)
Foreign exchange swaps	–	753	7,529	–	8,282	123	(295)
Cash flow hedge derivatives							
Interest rate derivatives	1,752	3,685	2,890	369	8,696	105	(38)
Interest rate swaps	1,752	3,685	2,890	369	8,696	105	(38)
Derivatives managed in conjunction with financial instruments designated at FVTPL							
Interest rate derivatives	213	–	–	–	213	–	(1)
Interest rate swaps	213	–	–	–	213	–	(1)
Total	1,125,316	1,528,318	727,386	6,232	3,387,252	18,733	(17,443)

There was no ineffective portion of cash flow hedges during the years ended 31 December 2024 and 2023.

60. Risk management *(continued)*

(f) Use of derivatives *(continued)*

The credit risk weighted amounts in respect of these derivatives are as follows:

	2024	2023
Default risk weighted assets of counterparties	**4,254**	2,586
Credit valuation adjustment risk weighted assets	**2,353**	2,410
Total	**6,607**	4,996

Since 1 January 2024, the risk weighted amounts in respect of derivatives are calculated in accordance with *Rules on Capital Management of Commercial Banks*. The amounts within the scope approved by the former CBIRC in April 2014 are calculated using the Internal Ratings-Based Approach, and the Weighted Approach is adopted to calculate those that are not eligible for the Internal Ratings-Based approach.

(g) Fair value information

(i) Methods of determining fair value of financial instruments

Several of the Group's accounting policies and disclosure requirements stipulate the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has established a control framework to govern the measurement of fair values. This includes a valuation team that takes the responsibility for overseeing all significant fair value measurements including the three levels of fair values.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to determine fair value, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuation meets the requirements of IFRS Accounting Standards, including the classification of levels in the fair value hierarchy.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in the fair value hierarchy based on the inputs used in the valuation techniques.

The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level of input that is significant to the entire fair value measurement. The levels are defined as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly;
- Level 3 inputs are unobservable inputs for the asset or liability.

The Group recognises transfers among levels of the fair value hierarchy at the end of the reporting period during which the transfer takes place.

The Group's assets and liabilities measured at fair value are measured on a recurring basis. The Group does not have assets nor liabilities measured at fair value on a non-recurring basis.

60. Risk management *(continued)*

(g) Fair value information *(continued)*

(ii) Assets and liabilities held at the end of reporting period that are measured at fair value on a recurring basis

The following tables present the fair value information and the fair value hierarchy, at the end of the reporting period, of the Group's assets and liabilities which are measured at fair value on a recurring basis at each reporting date:

	2024			
	Level 1	Level 2	Level 3	Total
Assets				
Financial investments measured at FVTPL	15,699	584,337	3,317	603,353
– Debt securities	14,204	237,508	340	252,052
– Long position in precious metal contracts	134	–	–	134
– Equity investments	1,360	3	1,899	3,262
– Fund investments	1	343,079	871	343,951
– Wealth management products	–	3,134	–	3,134
– Other	–	613	207	820
Financial investments designated at FVTPL	1,646	12,019	–	13,665
– Debt securities	1,646	12,019	–	13,665
Derivative financial assets	–	32,533	–	32,533
Loans and advances to customers at FVTPL	–	34,601	1,174	35,775
Debt investments at FVTOCI	230,469	861,658	–	1,092,127
Loans and advances to customers at FVTOCI	–	345,349	206,343	551,692
Equity investments designated at FVTOCI	12,873	1,903	7,539	22,315
Total	260,687	1,872,400	218,373	2,351,460
Liabilities				
Financial liabilities held for trading	28,757	389	–	29,146
– Financial liabilities related to precious metal	28,757	–	–	28,757
– Short position on bonds	–	389	–	389
Financial liabilities designated at FVTPL	5,567	31,592	1,156	38,315
– Debt securities issued	5,567	–	–	5,567
– Other	–	31,592	1,156	32,748
Derivative financial liabilities	–	31,583	–	31,583
Total	34,324	63,564	1,156	99,044

60. Risk management *(continued)*

(g) Fair value information *(continued)*

(ii) Assets and liabilities held at the end of reporting period that are measured at fair value on a recurring basis *(continued)*

The following tables present the fair value information and the fair value hierarchy, at the end of the reporting period, of the Group's assets and liabilities which are measured at fair value on a recurring basis at each reporting date: *(continued)*

	2023			
	Level 1	Level 2	Level 3	Total
Assets				
Financial investments measured at FVTPL	18,311	490,795	4,160	513,266
– Debt securities	14,923	246,526	359	261,808
– Long position in precious metal contracts	1,604	–	–	1,604
– Equity investments	1,752	341	2,392	4,485
– Fund investments	32	241,091	1,181	242,304
– Wealth management products	–	2,729	–	2,729
– Other	–	108	228	336
Financial investments designated at FVTPL	756	12,123	–	12,879
– Debt securities	756	12,123	–	12,879
Derivative financial assets	–	18,733	–	18,733
Loans and advances to customers at FVTPL	–	66,701	3,729	70,430
Debt investments at FVTOCI	140,869	758,233	–	899,102
Loans and advances to customers at FVTOCI	–	404,417	120,762	525,179
Equity investments designated at FVTOCI	10,006	2,305	7,338	19,649
Total	169,942	1,753,307	135,989	2,059,238
Liabilities				
Financial liabilities held for trading	15,748	380	–	16,128
– Financial liabilities related to precious metal	15,748	–	–	15,748
– Short position on bonds	–	380	–	380
Financial liabilities designated at FVTPL	5,179	20,826	1,825	27,830
– Certificates of deposit issued	–	212	–	212
– Debt securities issued	5,179	–	–	5,179
– Other	–	20,614	1,825	22,439
Derivative financial liabilities	–	17,443	–	17,443
Total	20,927	38,649	1,825	61,401

During the years ended 31 December 2024 and 2023, there were no significant transfers of financial instruments between Level 1 and Level 2 of the fair value hierarchy.

60. Risk management *(continued)*

(g) Fair value information *(continued)*

(ii) Assets and liabilities held at the end of reporting period that are measured at fair value on a recurring basis *(continued)*

(1) Basis of determining the market prices for recurring fair value measurements categorised as Level 1

Bloomberg etc. are used for financial instruments with quoted prices in an active market.

(2) Valuation techniques used and the qualitative information of key parameters for recurring fair value measurement categorised as Level 2

Fair value of RMB denominated bonds whose value is available on China Bond website on the valuation date is measured using the latest available valuation results.

Fair value of foreign currency bonds without quoted prices in an active market is measured by using the comprehensive valuations provided by Bloomberg, etc.

Fair value of foreign exchange forwards contracts in derivative financial instruments is measured by discounting the differences between the contract prices and market future prices of the foreign exchange forwards contracts. The discount rates used are the applicable RMB denominated swap yield curve as at the end of the reporting period.

Fair value of option contracts such as foreign exchange options, commodity options and equity options are measured by using the Black-Scholes model, based on market data such as risk-free interest rate, underlying market prices and price volatility of foreign exchange, commodities, and equity contract. The above market data used are quoted price in an active market, provided by Bloomberg, Refinitiv, Wind and other market information providers.

Fair value of interest rate swaps, foreign exchange swaps, and non-option commodity contracts in derivative financial instruments is measured by discounting the expected receivable or payable amounts under the assumption that these swaps had been terminated at the end of the reporting period. The discount rates used are the related currency denominated swap yield curve as at the end of reporting period.

Observable quoted price in market or valuation techniques applicable at present are used as the basis of determining the value of equity investments measured at FVTPL, investment funds and wealth management products.

The fair value of discounted bills at FVTOCI and at FVTPL is mainly measured based on the rate of rediscounted bills announced by the Shanghai Commercial Paper Exchange Corporation Ltd. The Group uses 10-day average discount rate as the basis for calculating the value of discounted bills; or is measured by discounted cash flow approach.

The fair value of equity investments designated at FVTOCI is measured by using the comprehensive valuations on Bloomberg or discounted cash flow approach using the relevant yield curve of China Bond at the end of the reporting period.

The fair value of certificates of deposit issued is measured by using the comprehensive valuations on Bloomberg.

The fair value of "Other" under financial investments measured at FVTPL is measured based on the net asset values.

The fair value of other financial liabilities designated at FVTPL is measured based on the net asset values of the funds, determined with reference to observable (quoted) prices of underlying investment portfolio and adjustments of related expenses.

60. Risk management *(continued)*

(g) Fair value information *(continued)*

(ii) Assets and liabilities held at the end of reporting period that are measured at fair value on a recurring basis *(continued)*

(3) Valuation techniques used and the qualitative information of key parameters for recurring fair value measurements categorised as Level 3:

	Fair value as at 31 December 2024	Valuation techniques	Unobservable inputs
Equity investments designated at FVTOCI	1,022	Market approach	Liquidity discount
Equity investments designated at FVTOCI	67	Discounted cash flow approach	Risk-adjusted discount rate, cash flow
Equity investments designated at FVTOCI	6,450	Net asset value approach	Net assets, liquidity discount
Loans and advances to customers at FVTPL	1,174	Discounted cash flow approach	Risk-adjusted discount rate
Loans and advances to customers at FVTOCI	206,343	Discounted cash flow approach	Risk-adjusted discount rate
Financial investments measured at FVTPL			
– Equity investments	1,119	Market approach	Liquidity discount
– Equity investments	516	Discounted cash flow approach	Risk-adjusted discount rate, cash flow
– Equity investments	264	Net asset value approach	Net assets, liquidity discount
– Debt securities	340	Discounted cash flow approach	Risk-adjusted discount rate
– Fund investments	807	Net fund value approach	Net assets
– Fund investments	64	Market approach	Liquidity discount
– Other	163	Discounted cash flow approach	Risk-adjusted discount rate, cash flow
– Other	44	Net fund value approach	Net assets
Financial liabilities designated at FVTPL	1,156	Net fund value approach	Net assets, liquidity discount

60. Risk management *(continued)*

(g) Fair value information *(continued)*

(ii) Assets and liabilities held at the end of reporting period that are measured at fair value on a recurring basis *(continued)*

(3) Valuation techniques used and the qualitative information of key parameters for recurring fair value measurements categorised as Level 3: *(continued)*

	Fair value as at 31 December 2023	Valuation techniques	Unobservable inputs
Equity investments designated at FVTOCI	2,742	Market approach	Liquidity discount
Equity investments designated at FVTOCI	71	Discounted cash flow approach	Risk-adjusted discount rate, cash flow
Equity investments designated at FVTOCI	4,525	Net asset value approach	Net assets, liquidity discount
Loans and advances to customers at FVTPL	3,729	Discounted cash flow approach	Risk-adjusted discount rate
Loans and advances to customers at FVTOCI	120,762	Discounted cash flow approach	Risk-adjusted discount rate
Financial investments measured at FVTPL			
– Equity investments	1,520	Market approach	Liquidity discount
– Equity investments	642	Discounted cash flow approach	Risk-adjusted discount rate, cash flow
– Equity investments	230	Net asset value approach	Net assets, liquidity discount
– Debt securities	359	Discounted cash flow approach	Risk-adjusted discount rate
– Fund investments	1,180	Net fund value approach	Net assets
– Fund investments	1	Market approach	Liquidity discount
– Other	184	Discounted cash flow approach	Risk-adjusted discount rate, cash flow
– Other	44	Net fund value approach	Net assets
Financial liabilities designated at FVTPL	1,825	Net fund value approach	Net assets, liquidity discount

60. Risk management *(continued)*

(g) Fair value information *(continued)*

(ii) Assets and liabilities held at the end of reporting period that are measured at fair value on a recurring basis *(continued)*

(3) Valuation techniques used and the qualitative information of key parameters for recurring fair value measurements categorised as Level 3: *(continued)*

Valuation of financial instruments with significant unobservable inputs

The following tables show the movements from the beginning balances to the ending balances for Level 3 financial instruments:

Assets	Financial investments at FVTPL	Loans and advances to customers at FVTPL	Loans and advances to customers at FVTOCI	Equity investments designated at FVTOCI	Total
At 1 January 2024	4,160	3,729	120,762	7,338	135,989
Profit or loss					
– In profit or loss	(531)	(84)	–	–	(615)
– In other comprehensive income	–	–	252	297	549
Addition for the year	72	–	485,550	–	485,622
Disposals or settlement on maturity	(179)	(2,472)	(400,221)	(104)	(402,976)
Transfer out of level 3	(214)	–	–	–	(214)
Exchange difference	9	1	–	8	18
At 31 December 2024	3,317	1,174	206,343	7,539	218,373
Total unrealised gains and losses included in the consolidated statement of profit or loss for assets held at the end of the reporting period	(434)	(104)	–	–	(538)

Assets	Financial investments at FVTPL	Loans and advances to customers at FVTPL	Loans and advances to customers at FVTOCI	Equity investments designated at FVTOCI	Total
At 1 January 2023	4,714	4,991	100,430	7,390	117,525
Profit or loss					
– In profit or loss	(14)	117	–	–	103
– In other comprehensive income	–	–	103	(131)	(28)
Addition for the year	553	70	325,509	77	326,209
Disposals or settlement on maturity	(596)	(1,451)	(305,280)	(1)	(307,328)
Transfer out of level 3	(560)	–	–	–	(560)
Exchange difference	63	2	–	3	68
At 31 December 2023	4,160	3,729	120,762	7,338	135,989
Total unrealised gains and losses included in the consolidated statement of profit or loss for assets held at the end of the reporting period	(98)	14	–	–	(84)

60. Risk management *(continued)*

(g) Fair value information *(continued)*

(ii) Assets and liabilities held at the end of reporting period that are measured at fair value on a recurring basis *(continued)*

(3) Valuation techniques used and the qualitative information of key parameters for recurring fair value measurements categorised as Level 3: (continued)

Valuation of financial instruments with significant unobservable inputs (continued)

Financial liabilities at fair value through profit or loss	2024	2023
Balance as at 1 January	**1,825**	2,647
In loss	**(235)**	(122)
Addition for the year	**6**	–
Disposals and settlement on maturity	**(455)**	(739)
Exchange difference	**15**	39
Balance as at 31 December	**1,156**	1,825
Total unrealised gains and losses included in the consolidated statement of profit or loss for liabilities held at the end of the reporting period	**(235)**	(122)

During the years ended 31 December 2024 and 2023, there were no significant transfers among different levels for financial instruments which are measured at fair value on a recurring basis.

During the years ended 31 December 2024 and 2023, the Group did not change the valuation techniques for the financial assets and liabilities disclosed above which are measured at fair value on a recurring basis.

60. Risk management *(continued)*

(g) Fair value information *(continued)*

(iii) Financial assets and financial liabilities that are not measured at fair value

(1) Financial Assets

The Group's financial assets that are not measured at fair value mainly include balances with central banks, balances and placements with banks and other financial institutions, amounts held under resale agreements, loans and advances to customers at amortised cost and investments at amortised cost.

Except for loans and advances measured at amortised cost and debt instrument investments measured at amortised cost, most of the financial assets not measured at fair value mature within 1 year, and their carrying values approximate their fair values.

Loans and advances are stated at amortised costs less allowances for impairment loss (Note 22). Loans and advances at amortised cost are mostly priced at floating rates with reference to Loan Prime Rates (LPRs) and repriced at least annually, and impairment allowances are made to reduce the carrying amounts of impaired loans to estimated recoverable amounts. Accordingly, the carrying value of loans and advances is close to their fair value.

Debt investments measured at amortised cost are carried at amortised cost less allowances for impairment losses. The fair value of the listed bonds is disclosed in Note 23(b).

The carrying value, fair value and fair value hierarchy of debt investments at amortised cost not measured at fair value are listed as below:

The Level 1 fair value measurement is based on unadjusted quoted prices in active markets using Bloomberg etc. For Level 2, the latest valuation results released by China Bond website are used to measure fair value of bonds denominated in RMB. The Level 2 category also includes foreign currency bonds without active quoted price, which are measured using the published comprehensive valuation by Bloomberg. The Level 3 fair value is measured using discounted cash flow valuation technique.

	2024					2023				
	Carrying amount	Fair value	Level 1	Level 2	Level 3	Carrying amount	Fair value	Level 1	Level 2	Level 3
Debt investments at amortised cost	**1,920,461**	**2,066,244**	**71,429**	**1,913,893**	**80,922**	1,728,620	1,791,963	61,918	1,659,705	70,340

Note: The above financial assets do not include accrued interest.

(2) Financial Liabilities

Financial liabilities that are not measured at fair value mainly include deposits from customers, amounts due to banks and other financial institutions, amounts sold under repurchase agreements, and debts securities issued by the Group. The carrying value of financial liabilities approximate their fair value at the end of the reporting period, except for the financial liabilities set out below:

	2024					2023				
	Carrying amount	Fair value	Level 1	Level 2	Level 3	Carrying amount	Fair value	Level 1	Level 2	Level 3
Debt securities issued	**85,003**	**89,325**	**–**	**89,325**	**–**	119,193	118,924	–	118,924	–

Note: The above financial liabilities do not include accrued interest.

61. Material related party transactions

(a) Material connected person information

Details of the Bank's major shareholders and their parent companies are as follows:

Company name	Registered location	Issued and fully paid capital	No. of shares of the Bank held by the Company	Proportion of the Bank held by the Company	Proportion of the Company held by the Bank	Business	Relationship with the Bank	Legal form	Legal representative
China Merchants Group (CMG)	Beijing	RMB16,900 million	7,559,427,375	29.97% (note (i)(vii))	–	Transportation, shipping agency, warehousing and storage, leasing, manufacturing building and facility, repair and contracting, sales operating management service, etc.	The largest shareholder's parent company	Limited liability	Miao Jianmin
– China Merchants Steam Navigation Co., Ltd. (CMSN)	Beijing	RMB17,000 million	3,289,470,337	13.04% (note (ii))	–	Transportation, building and repair, procurement, supply chain management and distribution, shipping agency services, etc.	The largest shareholder	Limited liability	Miao Jianmin
– Shenzhen Yan Qing Investment and Development Co., Ltd.	Shenzhen	RMB600 million	1,258,542,349	4.99%	–	Invest and set up industries, domestic commerce, materials supply and marketing business, etc.	Shareholder	Limited liability	Sun Xian
– Shenzhen Chu Yuan Investment and Development Co., Ltd.	Shenzhen	RMB600 million	944,013,171	3.74%	–	Invest and set up industries, domestic commerce, materials supply and marketing business, etc.	Shareholder	Limited liability	Sun Xian
– China Merchants Financial Holdings Co., Ltd.	Shenzhen	RMB7,778 million	1,147,377,415	4.55%	–	Invest and set up industries, domestic commerce, materials supply and marketing business, etc.	Shareholder	Limited liability	Miao Jianmin
– Best Winner Investment Ltd.	British Virgin Islands	USD 1	386,924,063	1.53%	–	–	Shareholder	Joint stock limited company	–
– China Merchants Union (BVI) Limited	British Virgin Islands	USD0.06 million	477,903,500	1.89%	–	–	Shareholder	Limited liability	–
– China Merchants Industry Development (Shenzhen) Ltd.	Shenzhen	USD10 million	55,196,540	0.22%	–	Invest and set up industries, enterprise management consulting and investment consulting, etc.	Shareholder	Limited liability	Wang Xiaoding

61. Material related party transactions *(continued)*

(a) Material connected person information *(continued)*

Details of the Bank's major shareholders and their parent companies are as follows: *(continued)*

Company name	Registered location	Issued and fully paid capital	No. of shares of the Bank held by the Company	Proportion of the Bank held by the Company	Proportion of the Company held by the Bank	Business	Relationship with the Bank	Legal form	Legal representative
China COSCO Shipping Corporation Limited.	Shanghai	RMB11,000 million	2,515,193,034	9.97% (note(iii))	–	International shipping business, supporting services to international shipping, imports and exports of goods and technology, international freight forwarding agent, etc.	Shareholder's parent company	Limited liability	Wan Min
– China Ocean Shipping Co., Ltd.	Beijing	RMB16,191 million	1,574,729,111	6.24%	–	Transportation business, leasing business, ship purchasing and marketing business, warehousing business, etc.	Shareholder	Limited liability	Wan Min
– COSCO Shipping (Guangzhou) Co., Ltd.	Guangzhou	RMB3,191 million	696,450,214	2.76%	–	Shipping business	Shareholder	Limited liability	Shou Jian
– Guangzhou COSCO Shipping Haining Technology Co., Ltd.	Guangzhou	RMB52 million	103,552,616	0.41%	–	Business services	Shareholder	Limited liability	Chen Jianyao
– COSCO Shipping (Shanghai) Co., Ltd.	Shanghai	RMB1,399 million	75,617,340	0.30%	–	Shipping business, leasing business, ship repairing and building etc.	Shareholder	Limited liability	Zhao Bangtao
– COSCO Shipping Investment Holdings Co., Ltd.	Hong Kong	HKD500 million	54,721,930	0.22%	–	Leasing business, financing business, insurance business etc.	Shareholder	Limited liability	Zhang Mingwen
– Guangzhou Tri-Dynas Oil & Shipping Co., Ltd.	Guangzhou	RMB299 million	10,121,823	0.04%	–	Ship purchasing and marketing business, shipping agency, leasing business, shipping business etc.	Shareholder	Limited liability	Liu Wenbao
China Communications Construction Group Limited	Beijing	RMB7,274 million	406,670,418	1.61% (note(iv))	–	General contractor for construction	Shareholder's parent company	Limited liability	Wang Tongzhou
– China Communications Construction Company Limited	Beijing	RMB16,166 million	201,089,738	0.80%	–	General contractor for construction, leasing and repair, technical consulting service, imports and exports, investment and management business	Shareholder	Joint stock limited company	Wang Tongzhou
Shanghai Automotive Industry Corporation (Group)	Shanghai	RMB21,749 million	310,125,822	1.23% (note(v))	–	Production and sale of vehicles, asset management business, domestic trade business, consulting service	Shareholder's parent company	Limited liability	Wang Xiaoqiu
– SAIC Motor Corporation Limited	Shanghai	RMB11,575 million	310,125,822	1.23%	–	Production and sale of vehicles, consulting service, imports and exports	Shareholder	Joint stock limited company	Wang Xiaoqiu

61. Material related party transactions *(continued)*

(a) Material connected person information *(continued)*

Details of the Bank's major shareholders and their parent companies are as follows: *(continued)*

Company name	Registered location	Issued and fully paid capital	No. of shares of the Bank held by the Company	Proportion of the Bank held by the Company	Proportion of the Company held by the Bank	Business	Relationship with the Bank	Legal form	Legal representative
China Insurance Security Fund Co., Ltd	Beijing	RMB100 million	140,927,147	0.56% (note(vi))	–	Investing and establishing insurance companies, supervising and managing various domestic and international businesses of holding investment enterprises, and investment business permitted by national laws and regulations, etc.	Shareholder's parent company	Limited liability	Ji Yuhua
– Dajia Life Insurance Co., Ltd	Beijing	RMB30,790 million	140,927,147	0.56% (note(vi))	–	Life insurance, health insurance, accident insurance, and other personal insurance services, etc.	Shareholder	Joint stock limited company	He Xiaofeng
CMB International Capital Holdings Corporation Limited (CMBIC)	Hong Kong	HKD4,129 million	–	–	100%	Investment bank and investment managements	Subsidiary	Limited liability	Wang Liang
CMB Financial Leasing Company Limited (CMBFL)	Shanghai	RMB18,000 million	–	–	100%	Finance lease	Subsidiary	Limited liability	Zhong Desheng
CMB Wing Lung Bank Limited (CMB WLB)	Hong Kong	HKD1,161 million	–	–	100%	Banking	Subsidiary	Limited liability	Wang Liang
China Merchants Fund Management Co., Ltd. (CMFM)	Shenzhen	RMB1,310 million	–	–	55%	Fund Management	Subsidiary	Limited liability	Wang Xiaoqing
CMB Wealth Management Co., Ltd	Shenzhen	RMB5,556 million	–	–	90%	Asset management	Subsidiary	Limited liability	Wu Jianbin
China Merchants Europe S.A. (CMB Europe S.A.)	Luxembourg	EUR100 million	–	–	100%	Banking	Subsidiary	Limited liability	Xue Fei
Cigna & CMB Asset Management Company Limited (CIGNA & CMAM)	Beijing	RMB500 million	–	–	Note24 (vii)	Asset management	Subsidiary	Limited liability	Wang Xiaoqing

Notes:

(i) CMG held 29.97% of the Bank indirectly (31 December 2023: 29.97%) through its subsidiaries as at 31 December 2024.

(ii) As the largest direct shareholder, CMSN, a subsidiary of CMG, holds 13.04% of the Bank as at 31 December 2024 (2023: 13.04%).

(iii) China COSCO Shipping Corporation Ltd. holds 9.97% of the Bank (2023: 9.97%) through its subsidiaries.

(iv) China Communications Construction Group Limited ("China Communications Construction Group") holds 1.61% of the Bank through its subsidiaries (2023:1.68%).

(v) Shanghai Automotive Industry Corporation (Group) ("Shanghai Automotive Industry Group") holds 1.23% of the Bank through its subsidiaries (SAIC Motor Corporation Limited) (2023: 1.23%).

(vi) China Insurance Security Fund Co., Ltd ("China Insurance Security Fund") holds 0.56% of the Bank (2023: 3.08%) through its 98.23% holding in Dajia Insurance Group Co., Ltd.

(vii) The sum of the direct holding percentage of CMG's shareholdings in the Bank and the sum of the above-mentioned relevant percentages may differ slightly due to rounding.

61. Material related party transactions *(continued)*

(a) Material connected person information *(continued)*

The registered capital of the Group's related parties as at 31 December 2024 and 2023 are as follows:

Name of related party		2024		2023
CMG	**RMB**	**16,900,000,000**	RMB	16,900,000,000
CMSN	**RMB**	**17,000,000,000**	RMB	17,000,000,000
Shenzhen Yan Qing Investment and Development Co., Ltd.	**RMB**	**600,000,000**	RMB	600,000,000
Shenzhen Chu Yuan Investment and Development Co., Ltd.	**RMB**	**600,000,000**	RMB	600,000,000
China Merchants Financial Holdings Co., Ltd.	**RMB**	**7,778,000,000**	RMB	7,778,000,000
Best Winner Investment Ltd.	**USD**	**1**	USD	1
China Merchants Union (BVI) Limited	**USD**	**60,000**	USD	60,000
China Merchants Industry Development (Shenzhen) Ltd.	**USD**	**10,000,000**	USD	10,000,000
China COSCO Shipping Corporation Limited	**RMB**	**11,000,000,000**	RMB	11,000,000,000
China Ocean Shipping Co., Ltd.	**RMB**	**16,191,351,300**	RMB	16,191,351,300
COSCO Shipping (Guangzhou) Co., Ltd.	**RMB**	**3,191,200,000**	RMB	3,191,200,000
– Guangzhou COSCO Shipping Haining Technology Co., Ltd.	**RMB**	**52,000,000**	RMB	52,000,000
COSCO Shipping (Shanghai) Co., Ltd.	**RMB**	**1,398,941,000**	RMB	1,398,941,000
COSCO Shipping Investment Holdings Co., Ltd.	**HKD**	**500,000,000**	HKD	500,000,000
Guangzhou Tri-Dynas Oil & Shipping Co., Ltd.	**RMB**	**299,020,000**	RMB	299,020,000
China Communications Construction Group Limited	**RMB**	**7,274,023,830**	RMB	7,274,023,830
China Communications Construction Company Limited	**RMB**	**16,165,711,425**	RMB	16,165,711,425
Shanghai Automotive Industry Corporation (Group)	**RMB**	**21,749,175,737**	RMB	21,749,175,737
SAIC Motor Corporation Limited	**RMB**	**11,575,299,445**	RMB	11,683,461,365
China Insurance Security Fund	**RMB**	**100,000,000**	RMB	100,000,000
Dajia Life Insurance Co., Ltd	**RMB**	**30,790,000,000**	RMB	30,790,000,000
CMBIC	**HKD**	**4,129,000,000**	HKD	4,129,000,000
CMBFL	**RMB**	**18,000,000,000**	RMB	12,000,000,000
CMB WLB	**HKD**	**1,160,950,575**	HKD	1,160,950,575
CMFM	**RMB**	**1,310,000,000**	RMB	1,310,000,000
CMBWM	**RMB**	**5,555,555,555**	RMB	5,555,555,555
CMB Europe S. A.	**EUR**	**100,000,000**	EUR	100,000,000
CIGNA & CMAM	**RMB**	**500,000,000**	RMB	500,000,000

The proportion of the Bank held by the largest shareholder and the portion of the subsidiaries held by the Bank

	The Bank held by the largest shareholder		The subsidiaries held by the Bank													
	CMSN		CMBIC		CMBFL		CMB WLB		CMFM		CMBWM		CMB Europe S.A.		CIGNA & CMAM	
	No. of shares	%	HKD	%	RMB	%	HKD	%	RMB	%	RMB	%	EUR	%	RMB	%
At 1 January 2024	**3,289,470,337**	**13.04**	**4,129,000,000**	**100.00**	**12,000,000,000**	**100.00**	**1,160,950,575**	**100.00**	**1,310,000,000**	**55.00**	**5,555,555,555**	**90.00**	**100,000,000**	**100.00**	**500,000,000**	**note**
At 31 December 2024	**3,289,470,337**	**13.04**	**4,129,000,000**	**100.00**	**18,000,000,000**	**100.00**	**1,160,950,575**	**100.00**	**1,310,000,000**	**55.00**	**5,555,555,555**	**90.00**	**100,000,000**	**100.00**	**500,000,000**	**note**

	The Bank held by the largest shareholder		The subsidiaries held by the Bank													
	CMSN		CMBIC		CMBFL		CMB WLB		CMFM		CMBWM		CMB Europe S.A.		CIGNA & CMAM	
	No. of shares	%	HKD	%	RMB	%	HKD	%	RMB	%	RMB	%	EUR	%	RMB	%
At 1 January 2023	3,289,470,337	13.04	4,129,000,000	100.00	12,000,000,000	100.00	1,160,950,575	100.00	1,310,000,000	55.00	5,555,555,555	90.00	50,000,000	100.00	500,000,000	note
At 31 December 2023	3,289,470,337	13.04	4,129,000,000	100.00	12,000,000,000	100.00	1,160,950,575	100.00	1,310,000,000	55.00	5,555,555,555	90.00	100,000,000	100.00	500,000,000	note

Note: This information is detailed in note 24.

As of 31 December 2024, other than those disclosed above, there were 85 companies that shared common directors, supervisors and senior management including their close family members with the Bank and they can control or exercise significant influence over these companies (31 December 2023: 92).

61. Material related party transactions *(continued)*

(b) Terms and conditions for related-party transactions

The Group enters into transactions with related parties in the ordinary course of its banking business including lending, investing, deposit taking, securities trading, providing agency and trust services, and off-balance sheet transactions. In the opinion of the directors, the Group enters into such material related-party transactions under normal commercial terms. Interest rates on loans and deposits are strictly set in accordance with the deposit and loan interest rate management regulations published by the PBOC, and such banking transactions are priced based on the market prices at the time of transactions:

	2024	2023
Short-term loans	**3.10% to 3.45%**	3.55% to 3.65%
Medium to long-term loans	**3.10% to 4.20%**	3.55% to 4.30%
Demand deposits	**0.10% to 0.35%**	0.35%
Time deposits	**0.80% to 2.75%**	1.10% to 2.75%

There were no loans and advances granted to related parties that were credit impaired during the year (2023: None).

(c) Shareholders and their related companies

The Bank's largest shareholder CMG and its related companies held 29.97% (2023: 29.97%) of the Bank's shares as at 31 December 2024 (among them 13.04% of the shares were directly held by CMSN (2023: 13.04%).

The Group's transactions and balances with CMSN and its related companies are disclosed as follows:

	2024	2023
On-balance sheet:		
– Amounts held under resale agreements	**–**	2,942
– Loans and advances to customers	**58,843**	46,466
– Financial investments	**7,580**	12,159
– Deposits from banks and other financial institutions	**36,109**	26,119
– Deposits from customers	**75,028**	59,227
– Lease liabilities	**186**	170
Off-balance sheet:		
– Irrevocable guarantees	**8,096**	3,510
– Irrevocable letters of credit	**1,004**	971
– Bills of acceptances	**599**	289
Interest income	**1,979**	2,364
Interest expense	**(1,366)**	(1,475)
Net fee and commission income	**425**	1,282
Operating expenses	**(1,012)**	(847)
Other net income	**238**	146

61. Material related party transactions *(continued)*

(d) Companies that share common directors, supervisors or senior management with the Bank (other than those disclosed in Note 61(c)) and they can control or exercise significant influence over the companies

	2024	2023
On-balance sheet:		
– Loans and advances to customers	8,805	9,360
– Financial investments	–	2,116
– Deposits from banks and other financial institutions	1	1,683
– Placements from banks and other financial institutions	–	300
– Deposits from customers	14,362	12,304
Off-balance sheet:		
– Irrevocable guarantees	6	310
– Bills of acceptances	3	–
Interest income	412	601
Interest expense	(200)	(460)
Net fee and commission income	66	9
Operating expenses	(3,330)	(3,440)
Other net income	–	4

(e) Associates and joint ventures other than those disclosed in Note 61(c)

	2024	2023
On-balance sheet:		
– Placements with banks and other financial institutions	12,800	17,500
– Loans and advances to customers	6,459	5,771
– Deposits from banks and other financial institutions	1,055	894
– Deposits from customers	658	731
Off-balance sheet:		
– Irrevocable guarantees	2	–
Interest income	775	432
Interest expense	(35)	(26)
Net fee and commission income	1,722	2,307
Operating expenses	(197)	(1)
Other net income	16	16

61. Material related party transactions *(continued)*

(f) Other major shareholders holding more than 5% shares of the Bank and exercising significant influence over the Bank

	2024	2023
On-balance sheet:		
– Placements with banks and other financial institutions	–	600
– Loans and advances to customers	**46,929**	38,949
– Financial investments	**250**	995
– Deposits from banks and other financial institutions	**4,439**	3,908
– Deposits from customers	**24,718**	20,537
– Lease liabilities	**13**	27
Off-balance sheet:		
– Irrevocable guarantees	**12,979**	12,146
– Irrevocable letters of credit	**4,349**	3,530
– Bills of acceptances	**5,398**	6,325
Interest income	**1,455**	1,616
Interest expense	**(405)**	(510)
Net fee and commission income	**177**	114
Operating expenses	**(2)**	(2)
Other net income	**553**	291

(g) Subsidiaries

	2024	2023
On-balance sheet		
– Balances with banks and other financial institutions	**5,585**	2,204
– Placements with banks and other financial institutions	**26,848**	26,404
– Loans and advances to customers	**15,984**	12,442
– Financial investments	**1,526**	3,711
– Deposits from banks and other financial institutions	**6,552**	3,578
– Deposits from customers	**8,100**	6,056
Off-balance sheet		
– Irrevocable letters of credit	–	1,289
– Bills of acceptances	–	1,009
Interest income	**1,434**	1,360
Interest expense	**(120)**	(115)
Net fee and commission income	**591**	651
Operating expenses	**(6,614)**	(6,101)
Other net income	**610**	308

All significant balances and transactions between the Bank and its subsidiaries have been eliminated in the consolidated financial statements.

61. Material related party transactions *(continued)*

(h) Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors, supervisors and executive officers.

	2024 RMB'000	2023 RMB'000
Salaries and other emoluments	**35,001**	37,228
Discretionary bonuses	**–**	–
Share-based payment	**–**	(18,121)
Contributions to defined contribution retirement schemes	**–**	–
Total	**35,001**	19,107

The above share-based payments represent the estimated fair value of the share appreciation rights granted (Note 39(a)(iii)) to senior management under the Bank's H share Appreciation Rights Scheme. The fair value is measured by using the Black-Scholes model and according to the accounting policy set out in Note 4(16); and the amounts are charged to the consolidated statement of profit or loss and other comprehensive income. As the share options may expire without being exercised, the directors consider the amounts disclosed are not representative of actual cash flows received or to be received by senior management.

(i) Annuity scheme

Apart from the obligation for defined contributions to the annuity scheme and normal banking transactions, no other transactions were conducted between the Group and the annuity scheme for the years ended 31 December 2024 and 2023.

62. Non-controlling interests

Non-controlling interests represent the interests that the Group does not hold in the subsidiaries, the Group does not have any subsidiary with significant non-controlling interests during the reporting period.

(a) Perpetual debt capital

CMB WLB, the Group's subsidiary, issued perpetual debt of USD400 million on 24 January 2019, and fully redeemed the perpetual debt in the current period. Movements of these perpetual debt capital are as follows:

	Principal	**Distributions/Paid**	**Total**
At 1 January 2024	**2,838**	**–**	**2,838**
Redemption in 2024	**(2,886)**	**–**	**(2,886)**
Distributions in 2024	**–**	**93**	**93**
Paid in 2024	**–**	**(93)**	**(93)**
Exchange difference	**48**	**–**	**48**
At 31 December 2024	**–**	**–**	**–**

	Principal	Distributions/Paid	Total
At 1 January 2023	2,787	–	2,787
Distributions in 2023	–	182	182
Paid in 2023	–	(182)	(182)
Exchange difference	51	–	51
At 31 December 2023	2,838	–	2,838

There is no maturity for the instruments and the payments of distribution can be cancelled at the discretion of the issuer. Cancelled interest is non-cumulative. There is no contractual obligation to deliver cash to other parties. During the years ended 31 December 2024 and 2023, CMB WLB did not cancel the payment of distribution and the corresponding amounts were paid to the perpetual debt holders accordingly.

63. Transfers 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, such transfers may give rise to full or partial derecognition of the financial assets concerned, and in other cases the transfers may not qualify for derecognition as the Group retains substantially all the risks and rewards of these transferred assets. As a result, the Group continues to recognise these transferred assets.

Securitisation of credit assets

The Group enters into securitisation transactions in the normal course of business by which it transfers credit assets to special purpose trusts which in turn issue asset-backed securities to investors. The Group may acquire certain investments at the subordinated tranche level and accordingly, may retain parts of the risks and rewards of the transferred credit assets. The Group would determine whether or not to derecognise the associated credit assets by evaluating the extent to which it retains the risks and rewards of the assets.

With respect to the credit assets that are securitised and qualified for derecognition, based on the criteria set out in Note 4(5), the Group derecognises the transferred credit assets in their entirety. During the year of 2024, the Group transferred loans amounting to RMB22,569 million (2023: RMB22,589 million) in securitisation arrangements, as well as substantially all the risks and rewards associated with the loans. The full amount of such securitised loans were then derecognised.

In the cases that the Group has neither transferred nor retained substantially all the risks and rewards of the transferred credit assets, and for which the Group retains control, the Group recognises an asset in the consolidated statement of financial position to the extent of the Group's continuing involvement in the transferred assets, the remaining portion is derecognised. The extent of the Group's continuing involvement is the extent of the risks and rewards exposed by the Group to the value changes of the transferred assets. For the year ended 31 December 2024, there were nil as of new securitised credit assets in which the Group retained the continuing involvement (2023: Nil). The carrying amount of the continuing involvement asset and the corresponding continuing involvement liability, are recognised in other assets and other liabilities in the consolidated statement of financial position, amounting to RMB5,274 million as at 31 December 2024 (31 December 2023: RMB5,274 million).

Transfers of credit assets to third parties

During the year of 2024, in addition to securitisation transactions, the Group transferred credit assets amounting to RMB8 million (2023: RMB1,107 million) to independent third parties directly. The Group determined that these transferred assets qualified for full derecognition, based on the criteria set out in Note 4(5), since the Group has transferred substantially all the risks and rewards of the transferred assets to the counterparties.

Repurchase transactions and securities lending transactions

Transferred financial assets that do not qualify for derecognition mainly include debt securities, discounted bills held by counterparties as collateral under repurchase agreements and securities lent to counterparties under securities lending agreements. The counterparties are allowed to sell or repledge those securities sold under agreements to repurchase in the absence of default by the Group, but has an obligation to return the securities at the maturity of the contract. The Group determines that it retains substantially all the risks and rewards of these securities and therefore does not derecognise them. Instead, it recognises a financial liability for cash received as collateral.

64. Interests in unconsolidated structured entities

The scope of the Group's consolidated financial statements is determined on a control basis. Control means that the investor has the power over the investee, enjoys variable returns by participating in the relevant activities of the investee, and has the ability to use the power to affect the amount of its return.

The Group has the power over structured entities, and the other investors have no substantive rights. In the meantime, the Group is entitled to variable returns, and will consolidate entities, in which the Group has the right to affect the amount of its return.

In addition to the above-mentioned structured entities that have been included in the Group's consolidated financial statements, the Group's interests in structured entities which is not covered by the consolidated financial statements is as follows:

(a) Interests in the structured entities sponsored by third parties institutions

The Group holds interests in some structured entities sponsored by third parties through investments in the units issued by these structured entities. Such interests include investments in wealth management products, asset management schemes, trust beneficiary rights, assets-backed securities and fund investments, and the Group does not consolidate these structured entities. The purpose of the Group holding these structured entities is to obtain investment income, capital appreciation or both.

The following tables set out an analysis of the balance of interests held by the Group in the structured entities sponsored by third parties and an analysis of the line items in the consolidated statement of financial positions as at 31 December 2024 and 31 December 2023:

	2024				
	Balance				
	Financial investments at FVTPL	Debt investments at amortised cost	Debt investments at FVTOCI	Total	Maximum exposure
Asset management schemes	596	69,168	–	69,764	69,764
Trust beneficiary rights	163	12,942	–	13,105	13,105
Asset-backed securities	1,755	1,818	43,911	47,484	47,484
Fund investments	334,929	–	–	334,929	334,929
Wealth management products	432	–	–	432	432
Total	**337,875**	**83,928**	**43,911**	**465,714**	**465,714**

	2023				
	Balance				
	Financial investments at FVTPL	Debt investments at amortised cost	Debt investments at FVTOCI	Total	Maximum exposure
Asset management schemes	–	35,275	–	35,275	35,275
Trust beneficiary rights	184	25,020	–	25,204	25,204
Asset-backed securities	320	1,073	17,983	19,376	19,376
Fund investments	227,477	–	–	227,477	227,477
Wealth management products	580	–	–	580	580
Total	228,561	61,368	17,983	307,912	307,912

The maximum exposures of investments in funds, trust beneficiary rights, asset management schemes, wealth management products and asset-backed securities are the balance of these assets.

64. Interests in unconsolidated structured entities *(Continued)*

(b) Interests in the unconsolidated structured entities sponsored by the Group

The unconsolidated structured entities sponsored by the Group include non-principal-guaranteed wealth management products, funds and assets management schemes. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issuance of investment products to investors. Interest of the Group in these unconsolidated structured entities is limited to fees and commissions charged for management services provided.

As at 31 December 2024, the amount of unconsolidated non-principal-guaranteed wealth management products sponsored by the Group was RMB2,470,334 million (31 December 2023: RMB2,548,929 million).

As at 31 December 2024, the amount of unconsolidated funds sponsored by the Group was RMB1,320,359 million (31 December 2023: RMB1,237,828 million).

As at 31 December 2024, the amount of unconsolidated asset management schemes sponsored by the Group was RMB299,261 million (31 December 2023: RMB289,215 million).

As at 31 December 2024, amounts held under resale agreements transacted between the Group and the non-principal-guaranteed wealth management products sponsored by the Group were RMB18,397 million (31 December 2023: RMB25,701 million). The above transactions were conducted in accordance with normal business terms and conditions.

As at 31 December 2024, the amount of unconsolidated non-principal-guaranteed wealth management products held by the Group was RMB2,703 million (31 December 2023: RMB2,149 million).

As at 31 December 2024, the amount of unconsolidated funds held by the Group was RMB9,022 million (31 December 2023: RMB14,827 million).

During the year ended 31 December 2024, the amount of fee and commission income the Group received from such non-principal-guaranteed wealth management products was RMB9,088 million (2023: RMB10,394 million).

During the year ended 31 December 2024, the amount of fee and commission income the Group received from such unconsolidated funds was RMB6,288 million (2023: RMB5,041 million).

During the year ended 31 December 2024, the amount of fee and commission income the Group received from such unconsolidated asset management schemes was RMB637 million (2023: RMB653 million).

The total amount of non-principal-guaranteed wealth management products sponsored by the Group after 1 January 2024 with a maturity date before 31 December 2024 was RMB366,222 million (2023: RMB502,145 million).

65. Comparative figures

Certain comparative figures in the notes have been re-presented to conform to presentation in current year.

Unaudited Supplementary Financial Information

(Expressed in millions of Renminbi unless otherwise stated)

(A) Capital adequacy ratio

The Group's capital adequacy ratio was prepared solely in accordance with the NFRA's *Rules on Capital Management of Commercial Banks*. The bases used herein may differ from those adopted in Hong Kong or other countries and regions.

	2024	2023
Core tier-1 capital adequacy ratio	**14.86%**	13.73%
Tier-1 capital adequacy ratio	**17.48%**	16.01%
Capital adequacy ratio	**19.05%**	17.88%
Components of capital base		
Core tier-1 capital:		
Qualifying portion of share capital	**25,220**	25,220
Qualifying portion of capital reserve	**65,548**	65,547
Surplus reserve	**122,614**	108,700
General reserve	**155,404**	141,184
Retained earnings	**626,082**	563,114
Qualifying portion of non-controlling interests	**–**	–
Other (note (i))	**41,524**	16,994
Total core tier-1 capital	**1,036,392**	920,759
Regulatory deductions from core tier-1 capital	**13,344**	13,451
Net core tier-1 capital	**1,023,048**	907,308
Additional tier-1 capital (note (ii))	**180,446**	150,446
Net tier-1 capital	**1,203,494**	1,057,754
Tier-2 capital:		
Qualifying portion of tier-2 capital instruments and their premium	**–**	–
Surplus provision for impairment	**108,248**	122,175
Qualifying portion of non-controlling interests	**–**	1,558
Total tier-2 capital	**108,248**	123,733
Regulatory deductions from core tier-2 capital	**–**	–
Net tier-2 capital	**108,248**	123,733
Net capital	**1,311,742**	1,181,487
Total risk-weighted assets (taking into consideration the capital floor requirements)	**6,885,783**	6,608,021

Notes:

(i) Under the NFRA's *Rules on the Capital Management of Commercial Banks*, other includes exchange reserve in the unaudited consolidated financial statements, etc.

(ii) The Group's additional tier-1 capital includes preference shares, qualifying portion of non-controlling interests, etc.

In 2024, in accordance with the Advanced Measurement Approach approved by former CBIRC in April 2014, the Bank's core tier-1 capital adequacy ratio is 14.84%, tier-1 capital adequacy ratio is 17.53%, capital adequacy ratio is 19.17%, net capital is RMB1,180,786 million and total risk-weighted assets is RMB6,160,977 million (taking into consideration the capital floor requirements).

In 2024, the Group's core tier-1 capital adequacy ratio was 12.43%, tier-1 capital adequacy ratio was 14.63%, capital adequacy ratio was 15.73%, net capital was RMB1,293,801 million and total risk-weighted assets were RMB8,227,390 million, using the Weighted Approach for credit risk, the Standardised Approach for market risk and the Standardised Approach for operational risk in the calculations.

In 2024, the Bank's core tier-1 capital adequacy ratio was 12.19%, tier-1 capital adequacy ratio was 14.40%, capital adequacy ratio was 15.49%, net capital was RMB1,162,413 million and total risk-weighted assets were RMB7,503,260 million, using the Weighted Approach for credit risk, the Standardised Approach for market risk and the Standardised Approach for operational risk in the calculations.

(B) leverage ratio

In accordance with the NFRA's *Rules on Capital Management of Commercial Banks*, the Group's leverage ratio is shown below. The basis used herein may differ from those adopted in Hong Kong or other countries and regions.

The difference between regulatory items and accounting items:

		31 Dec 2024	30 Sep 2024
1	Total consolidated assets as per published financial statements	**12,152,036**	11,654,763
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	**(68,004)**	(68,683)
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	**–**	–
4	Adjustments for derivative financial instruments	**5,042**	15,338
5	Adjustment for securities financing transactions	**366**	1,984
6	Adjustment for off-balance sheet items	**2,142,739**	2,077,827
7	Adjustment for securities financing transactions (ie repurchase agreements and similar secured lending)	**–**	–
8	Adjustment for unsettled financial assets	**(62)**	(555)
9	Adjustments for eligible cash pooling transactions	**–**	–
10	Adjustments for temporary exemption of central bank reserves (if applicable)	**–**	–
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	**–**	–
12	Other adjustments	**(13,344)**	(12,981)
13	**Leverage ratio exposure measure**	**14,218,773**	13,667,693

(B) leverage ratio *(Continued)*

Leverage ratio, net tier-1 capital, adjusted on-balance sheet and off-balance sheet assets and other information:

		31 Dec 2024	30 Sep 2024
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs))	**12,093,336**	11,576,437
2	Less: Specific and general provisions associated with on-balance sheet exposures deducted in determining Tier 1 capital	**(312,566)**	(317,742)
3	Less: Asset amounts deducted in determining Basel III Tier 1 capital	**(13,344)**	(12,981)
4	**Adjusted on-balance sheet exposures (excluding derivatives and SFTs)**	**11,767,426**	11,245,714
Derivative exposures			
5	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	**8,254**	5,875
6	Add-on amounts for potential future exposure associated with all derivatives transactions	**28,700**	28,065
7	Gross-up for derivatives collateral provided where deducted from the balance sheet assets	**–**	–
8	Less: Deductions of receivables assets for cash variation margin provided in derivatives transactions	**–**	–
9	Less: Exempted central counterparty leg of client-cleared trade exposures	**–**	–
10	Effective notional amount of written credit derivatives	**615**	426
11	Less: Adjusted effective notional deductions for written credit derivatives	**–**	–
12	**Derivative exposures**	**37,569**	34,366
Securities financing transaction exposures			
13	Gross SFT assets (with no recognition of netting), after adjustment for sale accounting transactions	**270,673**	307,802
14	Less: netted amounts of cash payables and cash receivables of gross SFT assets	**–**	–
15	Counterparty credit risk exposure for SFT assets	**366**	1,984
16	Agent transaction exposures	**–**	–
17	**Total securities financing transaction exposures**	**271,039**	309,786
Other off-balance sheet exposures			
18	Off-balance sheet exposure at gross notional amount	**9,825,831**	9,766,150
19	Less: adjustments for conversion to credit equivalent amounts	**(7,667,722)**	(7,669,654)
20	Less: Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital	**(15,370)**	(18,669)
21	**Off-balance sheet items**	**2,142,739**	2,077,827
Capital and total exposures			
22	Tier 1 capital	**1,203,494**	1,130,550
23	**Total exposures**	**14,218,773**	13,667,693

(B) leverage ratio *(Continued)*

Leverage ratio, net tier-1 capital, adjusted on-balance sheet and off-balance sheet assets and other information: *(Continued)*

		31 Dec 2024	30 Sep 2024
Leverage ratio			
24	**Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)**	**8.46%**	8.27%
24a	**Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)**	**8.46%**	8.27%
25	National minimum leverage ratio requirement	**4.00%**	4.00%
26	Applicable leverage buffers	**0.375%**	0.375%
Disclosure of mean values			
27	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	**260,411**	187,410
27a	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	**270,673**	307,802
28	Total exposures (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 27 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	**14,208,512**	13,547,301
28a	Total exposures (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 27 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	**14,208,512**	13,547,301
29	**Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 27 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)**	**8.47%**	8.35%
29a	**Basel III leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 27 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)**	**8.47%**	8.35%

(C) Liquidity coverage ratio

The Group prepared and disclosed information on liquidity coverage ratio in accordance with the "Measures for the Disclosure of Information on Liquidity Coverage Ratio by Commercial Banks". The basis used herein may differ from those adopted in Hong Kong or other countries and regions. The average of liquidity coverage ratio of the Group was 173.85% in the fourth quarter of 2024, an increase of 3.21 percentage points from the previous quarter, which was mainly caused by the increase of high quality liquid assets. The liquidity coverage ratio of the Group at the end of the fourth quarter of 2024 was 195.74%, which met the regulatory requirements in 2024. The breakdown of the Group's average value of each item of liquidity coverage ratio in the fourth quarter of 2024 is set out below:

(Expressed in millions of Renminbi except percentage)

Serial No.		Unweighted amount (average value)	Weighted amount (average value)
Stock of high quality liquid assets			
1	**Total stock of high quality liquid assets**		**2,307,594**
Cash outflows			
2	Retail and small business customers deposits, of which:	4,247,410	379,242
3	Stable deposits	909,981	45,499
4	Less stable deposits	3,337,429	333,743
5	Unsecured wholesale funding, of which:	4,612,723	1,627,692
6	Operational deposits (excluding correspondent banks)	2,495,480	616,205
7	Non-operational deposits (including all counterparties)	2,095,201	989,445
8	Unsecured debt issuance	22,042	22,042
9	Secured funding		288
10	Additional requirements, of which:	2,366,200	612,999
11	Cash outflows arising from derivative contract and other transactions arising from related collateral requirements	497,653	497,653
12	Cash outflows arising from secured debt instruments funding	–	–
13	Undrawn committed credit and liquidity facilities	1,868,547	115,346
14	Other contractual obligations to extend funds	128,539	128,539
15	Other contingent funding obligations	3,562,426	115,207
16	**Total cash outflows**		**2,863,967**
Cash inflows			
17	Secured lending (including reverse repo and securities borrowing)	260,656	259,728
18	Contractual inflows from fully performing loans	1,155,473	778,029
19	Other cash inflows	497,407	497,184
20	**Total cash inflows**	**1,913,536**	**1,534,941**

		Adjusted value
21	**Total stock of high quality liquid assets**	**2,307,594**
22	**Net cash outflows**	**1,329,025**
23	**Liquidity coverage ratio (%)**	**173.85%**

Notes:

(i) The domestic data in the above table is a simple arithmetic average of the 92-day value for the latest quarter and the month-end average for the data of subsidiaries.

(ii) The high quality liquid assets in the above table are prepared based on cash and the central bank reserve available under pressure conditions, as well as the bond in line with definition of Tier 1 and Tier 2 assets set by former CBIRC on the "Measures for the Liquidity Risk Management of Commercial Banks".

(D) Net stable funding ratio

The Group prepared and disclosed information on Net Stable Funding Ratio in accordance with the "Measures for the Disclosure of Information on Net Stable Funding Ratio by Commercial Banks". The Group's Net Stable Funding Ratio at the end of the fourth quarter of 2024 was 133.15%, representing an increase of 0.46 percentage points as compared with the previous quarter, which was maintained basically stable. The breakdown of the Group's Net Stable Fund Ratio in the last two quarters is set out below:

31 December 2024

(Expressed in millions of Renminbi except percentage)

Serial No.		Unweighted amount				Weighted amount
		No maturity	< 6 months	6 months to 12 months	≥ 12 months	
	Available stable funding (ASF) item					
1	Capital	1,216,831	–	–	–	1,216,831
2	Regulatory capital	1,216,831	–	–	–	1,216,831
3	Other capital instruments	–	–	–	–	–
4	Retail deposits and deposits from Small business customer	2,462,798	2,050,701	37,376	8,611	4,154,091
5	Stable deposits	984,536	8,432	901	1,219	945,394
6	Less stable deposits	1,478,262	2,042,269	36,475	7,392	3,208,697
7	Wholesale funding	2,927,137	2,600,360	144,733	262,747	2,758,834
8	Operational deposits	2,497,248	–	–	–	1,248,624
9	Other wholesale funding	429,889	2,600,360	144,733	262,747	1,510,210
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities	3,418	190,640	69,456	139,502	133,353
12	NSFR derivative liabilities				40,878	
13	All other liabilities and equity not included in the above categories	3,418	190,640	69,456	98,624	133,353
14	Total ASF					8,263,109
	Required stable funding (RSF) item					
15	Total NSFR high-quality liquid assets (HQLA)					370,557
16	Deposits held at other financial institutions for operational purposes	27,321	8,964	41	–	18,320
17	Performing loans and securities	218,336	2,814,363	1,546,900	4,013,335	5,315,480
18	Performing loans to financial institutions secured by Level 1 HQLA	–	243,281	–	–	36,492
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	–	789,769	152,434	53,863	249,527
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	–	1,513,043	1,233,033	2,358,043	3,346,208
21	With a risk weight of less than or equal to 35% under the Basel II standardized approach for credit risk	–	130,508	68,862	155,834	200,977
22	Performing residential mortgages, of which:	–	28,742	29,380	1,352,624	1,176,654
23	With a risk weight of less than or equal to 35% under the Basel II standardized approach for credit risk	–	–	–	–	–
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	218,336	239,528	132,053	248,805	506,599
25	Assets with matching interdependent liabilities	–	–	–	–	–

(D) Net stable funding ratio *(continued)*

31 December 2024 *(continued)*

Serial No.		Unweighted amount No maturity	< 6 months	6 months to 12 months	≥ 12 months	Weighted amount
Required stable funding (RSF) item *(continued)*						
26	Other assets	43,563	108,206	39,273	111,602	268,738
27	Physical traded commodities, including gold	9,419				8,006
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				1,141	970
29	NSFR derivative assets				43,560	2,683
30	NSFR derivative liabilities before deduction of variation margin posted				8,558	8,558
31	All other assets not included in the above categories	34,144	108,206	39,273	66,901	248,521
32	Off-balance sheet items				5,905,078	232,598
33	Total RSF					6,205,693
34	Net Stable Funding Ratio (%)					133.15%

30 September 2024

(Expressed in millions of Renminbi except percentage)

Serial No.		Unweighted amount No maturity	< 6 months	6 months to 12 months	≥ 12 months	Weighted amount
Available stable funding (ASF) item						
1	Capital	1,143,520	–	–	–	1,143,520
2	Regulatory capital	1,143,520	–	–	–	1,143,520
3	Other capital instruments	–	–	–	–	–
4	Retail deposits and deposits from Small business customer	2,210,414	2,053,242	41,728	7,215	3,927,920
5	Stable deposits	910,082	6,435	666	1,147	872,471
6	Less stable deposits	1,300,332	2,046,807	41,062	6,068	3,055,449
7	Wholesale funding	2,581,151	2,763,001	150,146	252,495	2,664,970
8	Operational deposits	2,477,248	–	–	–	1,238,624
9	Other wholesale funding	103,903	2,763,001	150,146	252,495	1,426,346
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities	3,182	213,278	76,123	121,441	133,850
12	NSFR derivative liabilities				25,653	
13	All other liabilities and equity not included in the above categories	3,182	213,278	76,123	95,788	133,850
14	Total ASF					7,870,260
Required stable funding (RSF) item						
15	Total NSFR high-quality liquid assets (HQLA)					366,331
16	Deposits held at other financial institutions for operational purposes	47,036	8,716	40	–	28,745
17	Performing loans and securities	158,836	2,721,398	1,380,261	3,919,061	5,081,103
18	Performing loans to financial institutions secured by Level 1 HQLA	–	280,989	–	–	42,148
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	–	720,790	110,280	37,050	200,491
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	–	1,496,134	1,116,537	2,342,143	3,263,584
21	With a risk weight of less than or equal to 35% under the Basel II standardized approach for credit risk	–	131,054	74,974	167,864	212,126

(D) Net stable funding ratio *(continued)*

30 September 2024 *(continued)*

Serial No.		Unweighted amount No maturity	Unweighted amount < 6 months	Unweighted amount 6 months to 12 months	Unweighted amount ≥ 12 months	Weighted amount
Required stable funding (RSF) item *(continued)*						
22	Performing residential mortgages, of which:	–	27,138	27,191	1,323,353	1,149,969
23	With a risk weight of less than or equal to 35% under the Basel II standardized approach for credit risk	–	–	–	–	–
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	158,836	196,347	126,253	216,515	424,911
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets	20,784	92,603	40,641	93,610	225,931
27	Physical traded commodities, including gold	6,785				5,767
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				809	688
29	NSFR derivative assets				27,338	1,686
30	NSFR derivative liabilities before deduction of variation margin posted				5,299	5,299
31	All other assets not included in the above categories	13,999	92,603	40,641	65,463	212,491
32	Off-balance sheet items				5,947,731	229,378
33	**Total RSF**					5,931,488
34	**Net Stable Funding Ratio (%)**					132.69%

Notes:

(i) The Group calculates Net Stable Funding Ratio in accordance with the "Measures for the Liquidity Risk Management of Commercial Banks" and relevant statistical regulations.

(ii) Items to be reported in the "no maturity" time include, but are not limited to, items such as capital with perpetual maturity, non-maturity deposits, short positions, open maturity positions, non-HQLA equities and physical traded commodities.

(iii) The item 26 "Other assets" unweighted amount in the above table does not include the item 30 "NSFR derivative liabilities before deduction of variation margin posted".

(E) Currency concentrations other than RMB

	2024			
	USD	HKD	Other	Total
	(in millions of RMB)			
Non-structural position				
Spot assets	**748,358**	**193,593**	**74,475**	**1,016,426**
Spot liabilities	**694,927**	**195,071**	**81,157**	**971,155**
Forward purchased	**738,325**	**31,449**	**49,354**	**819,128**
Forward written	**794,768**	**13,811**	**44,774**	**853,353**
Net option position	**14,498**	**(116)**	**661**	**15,043**
Net long position	**11,486**	**16,044**	**(1,441)**	**26,089**
Net structural position	**14,190**	**36,476**	**100**	**50,766**

	2023			
	USD	HKD	Other	Total
	(in millions of RMB)			
Non-structural position				
Spot assets	601,745	31,474	47,462	680,681
Spot liabilities	553,972	18,032	90,942	662,946
Forward purchased	417,752	6,195	76,916	500,863
Forward written	476,337	7,311	38,999	522,647
Net option position	12,236	(79)	3,562	15,719
Net long position	1,424	12,247	(2,001)	11,670
Net structural position	8,481	41,314	1,552	51,347

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 branches substantially involved in foreign exchange.

(F) International claims

The Group is principally engaged in business operations within the mainland China, and regards all claims on third parties outside the mainland China and claims in foreign currencies on third parties within the mainland China as international claims.

International claims include loans and advances, balances and placements with banks and other financial institutions, holdings of trade bills, certificates of deposit and securities investment.

International claims have been disclosed by different countries or geographical areas. 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 is transferred only when the claims are guaranteed by a party in country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country.

	2024			
	Banks and other financial institutions	**Public sector entities**	**Other**	**Total**
Foreign currencies transactions in the mainland China	**122,484**	**12,623**	**120,710**	**255,817**
Asia Pacific excluding the mainland China	**78,918**	**31,004**	**216,901**	**326,823**
– of which attributed to Hong Kong	**47,984**	**24,822**	**190,446**	**263,252**
Europe	**24,834**	**6,193**	**21,654**	**52,681**
North and South America	**44,952**	**154,054**	**24,865**	**223,871**
Total	**271,188**	**203,874**	**384,130**	**859,192**

	2023			
	Banks and other financial institutions	Public sector entities	Other	Total
Foreign currencies transactions in the mainland China	105,171	2,079	132,845	240,095
Asia Pacific excluding the mainland China	49,161	19,653	199,166	267,980
– of which attributed to Hong Kong	24,986	17,202	181,581	223,769
Europe	19,866	1,598	21,029	42,493
North and South America	68,925	119,692	17,584	206,201
Total	243,123	143,022	370,624	756,769

(G) Further analysis on loans and advances to customers analysed by industry sector

Operation in the mainland China

	2024		2023	
	Amount	% of gross loans and advances covered by collateral or other security	Amount	% of gross loans and advances covered by collateral or other security
Manufacturing	652,430	16	557,691	17
Transportation, storage and postal services	497,123	39	477,016	37
Production and supply of electric power, heat, gas and water	333,400	29	259,864	30
Property development	287,798	64	303,707	50
Wholesale and retail	222,593	14	187,737	14
Leasing and commercial services	186,736	14	186,463	13
Telecommunications, software and IT services	124,026	34	95,394	34
Construction	105,294	14	110,577	14
Finance	89,007	14	88,296	15
Mining	49,632	15	42,326	14
Water, environment and public utilities management	36,728	40	42,813	42
Other	88,901	23	76,400	23
Subtotal of corporate loans and advances	2,673,668	28	2,428,284	27
Discounted bills	379,950	100	471,127	100
Residential mortgage	1,404,101	100	1,376,815	100
Credit cards	947,712	–	935,777	–
Micro-finance loans	824,128	78	750,019	78
Consumer loans	396,161	1	301,538	2
Other	5,388	82	7,806	90
Subtotal of retail loans and advances	3,577,490	57	3,371,955	59
Gross amount of loans and advances to customers	6,631,108	48	6,271,366	50

(G) Further analysis on loans and advances to customers analysed by industry sector *(Continued)*

Operation outside the mainland China

	2024		2023	
	Amount	% of gross loans and advances covered by collateral or other security	Amount	% of gross loans and advances covered by collateral or other security
Finance	51,257	18	45,368	11
Transportation, storage and postal services	44,972	8	36,248	12
Property development	30,753	29	22,960	27
Manufacturing	17,200	16	19,335	4
Telecommunications, software and IT services	10,991	3	8,323	11
Production and supply of electric power, heat, gas and water	9,856	8	12,359	–
Leasing and commercial services	7,756	11	6,207	4
Wholesale and retail	5,118	10	10,002	4
Construction	2,672	1	623	3
Mining	2,335	–	4,945	–
Water, environment and public utilities management	1,051	–	419	–
Other	6,111	48	4,782	41
Subtotal of corporate loans and advances	190,072	16	171,571	12
Residential mortgage	13,349	100	8,671	100
Credit cards	131	–	133	–
Micro-finance loans	1,315	100	1,278	100
Other	52,340	99	55,846	95
Subtotal of retail loans and advances	67,135	99	65,928	96
Gross amount of loans and advances to customers	257,207	37	237,499	35

When the amount of loans and advances to customers for an industry/category accounts for 10% or above of the total amount of loans and advances to customers, the amount of overdue loans, impaired loans and credit impairment allowances in each expected credit loss stage are disclosed as follows:

	2024				
	Overdue loans and advances	Impaired loans and advances	– Stage 1 (12-month ECL)	– Stage 2 (Lifetime ECL – not credit-impaired)	– Stage 3 (Lifetime ECL – credit impaired)
Residential mortgage	11,690	6,840	10,512	4,369	4,582
Credit card	36,667	16,560	21,667	20,351	14,985
Micro-business loan	8,032	6,538	11,223	3,086	5,493

	2023				
	Overdue loans and advances	Impaired loans and advances	– Stage 1 (12-month ECL)	– Stage 2 (Lifetime ECL – not credit-impaired)	– Stage 3 (Lifetime ECL – credit impaired)
Residential mortgage	8,165	5,122	7,021	2,739	4,388
Credit card	29,910	16,383	26,666	19,179	15,562
Micro-business loan	5,269	4,592	9,130	1,649	3,793

As at 31 December 2024, for corporate loans and advances measured at amortised cost, the fair value of collateral held against impaired loans and advances is RMB5,261 million (31 December 2023: RMB5,222 million).

(H) Loans and advances to customers overdue for more than 90 days

(i) By geographical segments

	2024	2023
Headquarters	**12,621**	13,308
Yangtze River Delta region	**10,431**	7,613
Bohai Rim region	**5,118**	4,863
Pearl River Delta and West Coast region	**8,647**	5,342
Northeast region	**1,280**	1,433
Central region	**4,361**	5,307
Western region	**3,819**	4,538
Outside the mainland China	**352**	638
Subsidiaries	**3,018**	2,780
Total	**49,647**	45,822

(ii) By overdue period

	2024	2023
Gross amount of loans and advances to customers which have been overdue with respect to either principal or interest for periods of:		
– between 3 and 6 months (inclusive)	**13,712**	11,476
– between 6 and 12 months (inclusive)	**11,489**	11,598
– over 12 months	**24,446**	22,748
Total	**49,647**	45,822
As a percentage of total gross amount of loans and advances to customers:		
– between 3 and 6 months (inclusive)	**0.20%**	0.17%
– between 6 and 12 months (inclusive)	**0.17%**	0.18%
– over 12 months	**0.35%**	0.35%
Total	**0.72%**	0.70%

(H) Loans and advances to customers overdue for more than 90 days

(Continued)

(iii) Collateral information

	2024	2023
Secured portion of overdue loans and advances	**20,716**	16,472
Unsecured portion of overdue loans and advances	**28,931**	29,350
Fair value of collateral held against overdue loans and advances	**60,047**	46,212

The amount of the Group's overdue loans and advances to financial institutions for more than 90 days as at 31 December 2024 was nil (31 December 2023: RMB1 million).

Note: The above analysis represents loans and advances overdue for more than 90 days as required and defined by the HKMA.

Loans and advances with a specific repayment date are classified as overdue when the principal or interest is overdue.

For loans and advances repayable by regular installments, if part of the installments is overdue, the whole amount of these loans would be classified as overdue.

Loans and advances 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 repayable on demand are outside the approved limit that was advised to the borrower, they were also considered as overdue.

The collateral of the Group included cash deposit, shares, land use right, property, motor vehicles and other equipment, etc. The fair value of collateral was estimated by management based on the latest available external valuations adjusted by taking into account the current realisation experience as well as market situation.

Where collateral values are greater than gross advances, only the amount of collateral up to the gross advance had been included in the "secured portion of overdue loans and advances" as set out in the above tables.

(I) Renegotiated loans and advances to customers

	2024		2023	
	Amount	% of total loans and advances	Amount	% of total loans and advances
Renegotiated loans and advances to customers	**24,826**	**0.36%**	26,099	0.40%
Less:				
– Renegotiated loans and advances to customers overdue more than 90 days	**8,084**	**0.12%**	6,801	0.10%
– Renegotiated loans and advances to customers less than 90 days	**16,742**	**0.24%**	19,298	0.30%

The Group adopts the measures for Risk Classification of Financial Assets of Commercial Banks (CBIRC PBC Order [2023] No.1) for its rescheduled loans and advances to customers. The data at the beginning of the year has been adjusted on a consistent for the purpose of ensuring comparability.

The amount of the Group's renegotiated loans and advances to financial institutions as at 31 December 2024 was nil (31 December 2023: nil).

(J) Non-bank the mainland china exposures

The Bank is a commercial bank incorporated in the mainland China with its banking business primarily conducted in the mainland China. As of 31 December 2024 and 31 December 2023, most of the Bank's exposures arose from businesses with the mainland China non-bank institutions or individuals. Analyses of various types of exposure by counterparty have been disclosed in the notes to the financial report.